As of 11 a.m. ET **DJIA** 10627.49 ▲ 0.09% **FTSE 100** 5538.07 ▲ 0.07% **Nikkei 225** 10798.32 **Closed** **Shanghai Comp.** 3212.75 ▲ 0.52% **Hang Seng** 22411.52 ▲ 0.51% **Sensex** 17526.71 ▼ 0.08% **S&P/ASX 200** 4950.66 ▲ 0.78%

Asia Deal Journal: Mergers and IPOs are off to a prosperous year

BUSINESS & FINANCE 21

Currency reform is killing North Korea's economy

EDITORIAL & OPINION 17

Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50

KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK. MENPEN R.I. NO: 01/SK/MENPEN/SCIJ/1998 TGL. 4 SEPT 1998

THE WALL STREET JOURNAL.

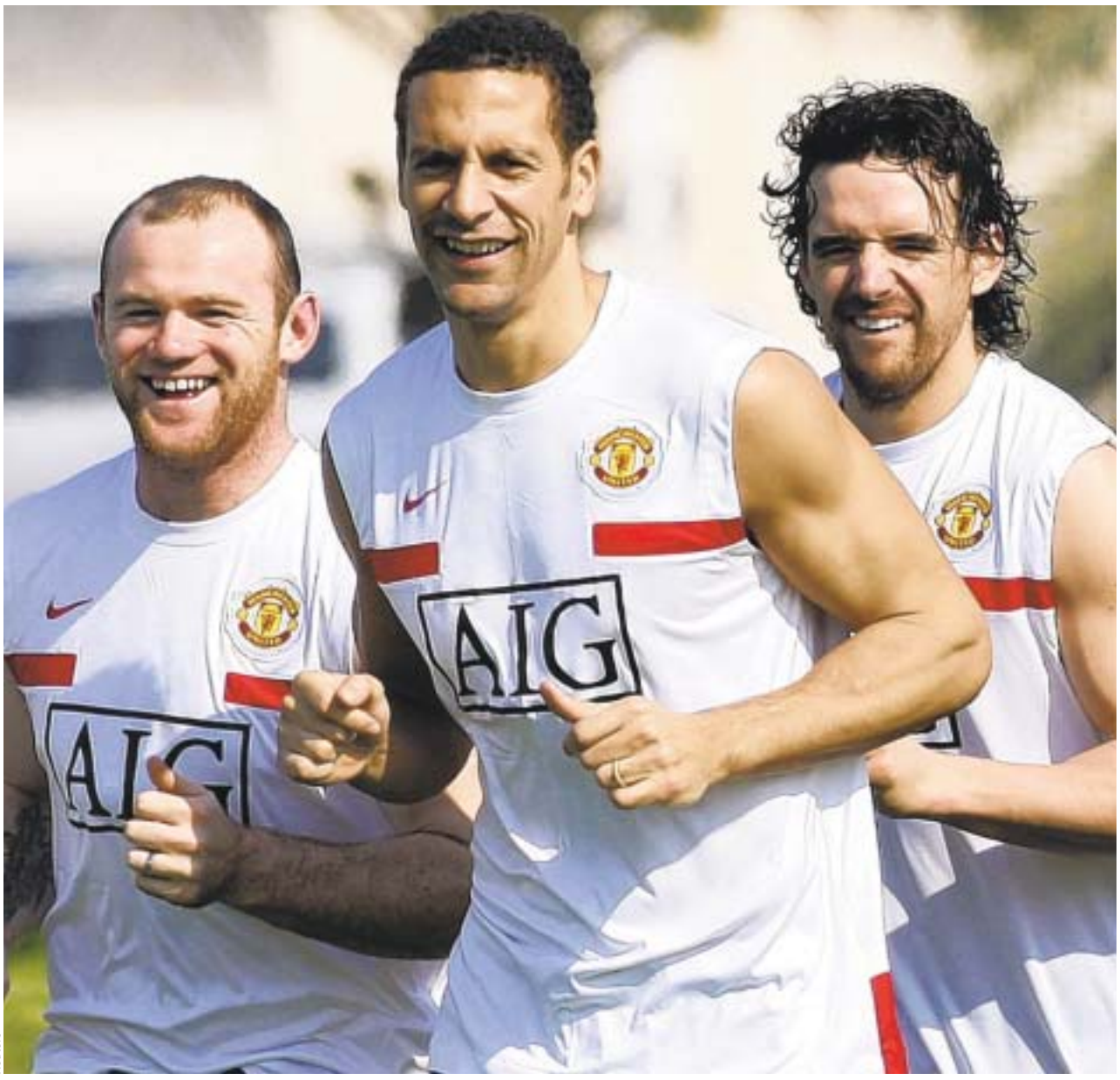
THE WALL STREET JOURNAL.

VOL. XXXIV NO. 94 (India facsimile VOL. 1 NO. 155) * * **ASIA** Tuesday, January 12, 2010

DOWJONES A NEWS CORPORATION COMPANY

asia.WSJ.com

Manchester United plans bond issue to refinance debt



Reuters

Manchester United players, from left, Wayne Rooney, Rio Ferdinand and Owen Hargreaves run during a training session in Doha, Qatar. The U.K. Premier League football club Monday launched a £500 million, seven-year high-yield bond that will be used to refinance debt. **Page 27.**

China places rules on sales of bank loans

By Dinny McMahon

BEIJING—China's banking regulator has quietly cracked down on banks selling their loans to trust companies, taking aim at a little-understood category of transactions that had fueled concerns about transparency in the banking system.

The transactions at issue had enabled banks to move loans off their balance sheets by temporarily selling them to the trusts, lightly regulated companies that then repackaged the loans into financial instruments for clients. The banks promised to repurchase the loans any time between a few weeks and a few years later.

The China Banking Regulatory Commission issued a notice banning banks that sell loans to trusts from removing the loans from their balance sheets, said an executive in the risk-management department of a Chinese bank who has seen the document. The notice was issued Dec. 24 but wasn't made public. Chinese newspapers have reported that it was sent to all Chinese banks. The regulatory commission didn't respond to faxed questions Monday.

Banks have been unwilling to discuss the trust deals publicly, but analysts who had studied the transactions said the banks were using them to report lower loan totals at a time when China's government was indicating concern about credit expansion and pushing lenders to increase their capital ratios as a precaution against bad loans. Some analysts are concerned that the deals, while involving a relatively small portion of China's total loans, presented problems for authorities trying to track credit expansion, and have raised questions about the true state of banks' financial positions.

While no official data on the loan-sale practice is publicly available, Shanghai Benefit Investment Consulting, a research company, estimates that 734 billion yuan ($107.5 billion) of bank loans were packaged into trust products in 2009. About 80% of that was issued in the sec-

Please turn to page 20

U.S. banks brace for bonus anger

Critics of Wall Street firms are grumbling that this year's bonuses are far too generous. But some recipients are none too happy, either: They're complaining too much of the payout is coming in stock instead of cash.

*By **Susanne Craig**, **David Enrich** and **Robin Sidel***

Banks and securities firms have told workers their bonuses will contain a bigger percentage of stock to demonstrate that Wall Street is sensitive to public anger over the big paychecks. The idea is that stock reduces employees' temptation to take too many financial risks, since they have an ownership stake.

Some employees say the shift could leave them short of cash, since stock comes with restrictions on how quickly it can be sold. And since many people plan their household budgets around bonus expectations, they may need the cash to cover mortgages, school tuition and other expenses.

Getty Images

Lloyd Blankfein, CEO of Goldman Sachs, which expects record profit.

"I don't think it's just whining," said one person at a Wall Street firm. "There are legitimate liquidity issues that people have."

Goldman Sachs Group's chief executive, Lloyd Blankfein, has told colleagues that neither employees nor the public will be happy when the New York company announces its bonus payments, according to people who heard the remarks. Goldman, traditionally one of Wall Street's top-paying, is expected to report its highest yearly profit in the firm's 141-year history.

Despite the mortgage meltdown, financial firms are coming off a blockbuster year. Revenue has rebounded to pre-crisis levels, and 2009 compensation is on pace to approach or surpass the record payouts of 2007.

But with U.S. unemployment hovering around 10%, criticism of Wall Street's pay culture has been withering. Changes like these are likely to fall short of the punishment many Americans think Wall Street deserves for its role in the financial crisis and economic slump. Nationwide, tough economic conditions persist, keeping wages stagnant.

On Monday, New York Attorney General Andrew Cuomo said that his office has

Please turn to page 20

■ Wall Street should watch out for the tea-party crowd 7

Copyright ©2010, Intel Corporation. Intel, the Intel logo, Intel Core, Core Inside, Intel Sponsors of Tomorrow™ and Intel Sponsors of Tomorrow logos are trademarks of Intel Corporation in the U.S. and other countries.

PAGE TWO

What's News—

* * *

Business & Finance

■ **Chinese police handed** the Rio Tinto case to prosecutors, potentially moving it closer to trial. Lawyers said a quick trial is possible, but it could be months before the allegations of corporate espionage and bribery reach a final legal resolution. **3**

■ **China's auto sales surged 46%** last year, racing past the U.S. for the first time to take the top spot, a trade group said. **21**

■ **Rusal said it is comfortable** with its debt level and confident about meeting its debt-restructuring obligations as it approaches a Hong Kong IPO. **22**

■ **Citigroup is replacing** Teresa Dial as head of retail banking in North America with Manuel Medina-Mora, the head of its Latin American consumer- and commercial-banking businesses. **29**

■ **Nomura moved** a key executive in Asia to head its investment banking for the Americas, the bank's latest move to bulk up U.S. operations. **26**

■ **Thai Airways said** the nation's Finance Ministry unofficially agreed to take part in its recapitalization program. **22**

■ **U.S. investors debated** earnings momentum just ahead of results season. In Asia, Chinese brokerage shares rose after the government approved the launch of index futures and short-selling. **31**

■ **Commodities prices rose**, with a surge in Chinese import growth catching markets off-guard and demonstrating the country's appetite for raw materials. **28**

■ **U.S. earnings reports** will get scrutiny on sales, capital spending and hiring for clues about how the economic recovery is going. **21**

■ **China Mobile**, the worst-performing blue-chip stock in Hong Kong last year, looks more appealing in valuation terms. **26**

Bloomberg News

Artem Volynets, Rusal's deputy chief executive, at a news conference in Hong Kong on Monday.

■ **Ford unveiled** its redesigned Focus compact car at the Detroit auto show, as it strives to make more fuel-efficient vehicles. **24**

■ **Toyota will begin** selling an all-electric vehicle in 2012, as it pursues alternative technologies. **24**

■ **Reliance Industries raised** about $762 million through a share sale as it gears up for potential acquisitions. **23**

■ **The market for junk bonds** began the new year with the same intense activity seen at the close of 2009. **27**

■ **Banks are increasing** their lending to hedge funds to levels not seen since before the financial crisis, adding to the funds' buying power in the markets. **27**

■ **The U.K.'s Manchester United** kicked off a $801.4 million high-yield bond to refinance debts. **27**

■ **Heineken agreed to buy** the beer business of Mexico's Femsa in a deal valued at $5.48 billion after SABMiller dropped out of the bidding process. **23**

■ **Politicians are taking** bolder actions to influence monetary policy, signaling the financial crisis may end up reining in the independence of many central banks. **8**

■ **Telefónica maintained** its earnings targets after a devaluation of the Venezuelan bolivar erased more than $1 billion in profits it has locked up in the country. **23**

* * *

World-Wide

■ **Six foreign soldiers** were killed in Afghanistan in a series of separate attacks. The deaths bring the total killed so far this month to 15, a pace that would make this the deadliest January ever for foreign troops in Afghanistan.

■ **Yemen's most influential** Islamic scholar warned foreign governments against sending troops to his country to battle al Qaeda, but said he would welcome support to help Yemen stabilize.

■ **Google is aiming** for a new agreement with Chinese writers for the rights to publish books in its digital library. **4**

■ **North Korea demanded** a new condition for returning to denuclearization talks, saying that it wants the removal of last year's U.N. sanctions. **6**

■ **Australian labor strikes** are a "national economic threat," the Australian Chamber of Commerce and Industry said about stoppages at shipping companies servicing the oil and gas sector. **6**

■ **China successfully tested** a system for intercepting missiles in mid-flight, state media reported.

ONLINE TODAY

Most read in Asia

1. China Is Losing a War Over Internet
2. Opinion Asia: Will Najib Razak Reform Malaysia?
3. Venezuela: Jets Intercepted U.S. Plane
4. Undressing the Terror Threat
5. Wall Street Derivative: Goldman Parodies

Most emailed in Asia

1. Opinion Asia: Will Najib Razak Reform Malaysia?
2. Undressing the Terror Threat
3. Citi Replaces Japan Head
4. Bomber Seen With Taliban
5. Chinese Exports Return to Growth

Health Blog

blogs.wsj.com/health/

Israel just launched a system where people who agree to be donors get higher priority if they ever need an organ.

Continuing coverage

Momentum is gathering for Japan Airlines Corp. to file for the equivalent of bankruptcy protection.

The Wealth Report

blogs.wsj.com/wealth

Tennessee native Lloyd Flatt was an aerospace consultant who started collecting wine in the 1960s after a visit to London. The world will get a chance to buy some of his legendary collection during a Sotheby's auction in March.

Inside

World News: 'Avatar' and Chinese real-estate developers. **4**

Technology: Electronic gadgets get sleeker and smarter. **10**

In Depth: Citi unit grows with help from U.S. government. **18**

Heard on the Street: China inches into futures. **36**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

WORLD NEWS

Rio Tinto China case moves forward

By James T. Areddy And Alex Wilson

SHANGHAI—Chinese police handed to prosecutors the case of four **Rio Tinto** PLC employees held on allegations of corporate espionage and bribery, potentially moving the case closer to trial.

Movement in the case was anticipated because Monday was the legal deadline for police to conclude their investigation in the criminal case against Australian national Stern Hu and three other employees of the Australian mining giant.

While a quick trial is possible, the case could take months to make any further progress. It would be unusual for China's government to abandon such a high-profile, politically sensitive case after it has been handed to prosecutors.

Some foreign businesses viewed the detentions, which came while China was engaged in tense iron-ore pricing talks with miners, as a sign of how China can use economic might to challenge multinationals.

Since the employees were formally arrested in August, Chinese officials have sought to diffuse international focus on the case by portraying it as a basic criminal matter.

The politically sensitive case, which concerns accusations of corporate espionage and bribery by employees of the miner, could take months to reach a final legal resolution.

Australia's government said it was informed that evidence supporting accusations of criminal behavior by Mr. Hu, who was Rio Tinto's chief mineral salesman in China, had been handed to prosecutors by the Shanghai Public Security Bureau. Australia said the four are being held on suspicion of violating commercial secrets and accepting bribes.

Rio Tinto, which isn't a party to the case, has denied wrongdoing on the part of the company and its employees. The employees haven't been available to comment.

"The case is now in the hands of the Shanghai People's Procuratorate [prosecutor] who will decide whether it should be brought to trial," said a statement from Australia's Department of Foreign Affairs and Trade, in Canberra, relating specifically to Mr. Hu. "We are not in a position to say how long this phase of the case will take, and are not prepared to speculate about the outcome."

China's state-run Xinhua news agency confirmed the four had been "handed over to local procuratorate for prosecution." Calls for comment to lawyers for the Rio Tinto employees weren't answered.

Mr. Hu and his subordinates are likely to remain in detention in Shanghai, where they have been held since July.

The case appears to hinge on how Mr. Hu's team managed one of world's largest commodity-sales networks, specifically Rio Tinto's multibillion-dollar supply of iron ore to China's steelmakers. Chinese officials haven't released evidence to back up the accusations, nor detailed them with formal charges.

"This transfer is the next stage in a continuing legal process under Chinese law," Rio Tinto Iron Ore division Chief Executive Sam Walsh said in a statement. "It would not be appropriate for the company to comment any further at this point in the case other than to reaffirm our hope that matters proceed in an expeditious and transparent manner."

As the primary sales team for Rio Tinto in China, the executives handled one of the largest, most lucrative and sensitive commercial relationships any foreign company has with China. Rio Tinto primarily sells iron ore, a mineral devoured in rising quantities by China's steel industry, the world's largest.

Last year, Chinese customs figures show, the country imported 627.8 million metric tons of iron ore, valued at $50.14 billion—second among imports only to the $89.26 billion spent on crude oil. Ore-import volumes grew three times as fast as oil imports last year, with volumes rising almost 42%.

But Beijing has complained for years that a clutch of big foreign ore suppliers, including Rio Tinto, charge too much.

The Rio Tinto executives were detained just days after the breakdown in June of a critical round of talks in which China had pledged to secure a sharp price reduction. Australia's government at the time said its diplomats were informed by Beijing of allegations of a link between the Rio Tinto arrests and the failed pricing talks.

Chinese legal rules leave open the possibility of a quick trial or months more of legal limbo.

"The next step is for the prosecutors to review the case carefully and decide if further investigation is needed," said Wang Shunan, a criminal law expert with China University of Political Science and Law, speaking generally about the legal system. "How long the prosecutors take to make such decisions and how long their investigations last varies between different cases."

China's legal system gives prosecutors at least five more months to consider merits of the case, including reopening the investigation.

Reuters

Rio Tinto's Shanghai office, in July. Iron ore was China's No. 2 import in 2009.

WSJ.com

Online today: See a timeline of China's detention of four Rio Tinto executives at **WSJ.com/China**.

NORTON ROSE

FINANCIAL INSTITUTIONS • ENERGY • INFRASTRUCTURE AND COMMODITIES • TRANSPORT • TECHNOLOGY

700 lawyers, 13 offices, one team

Norton Rose Group in Asia Pacific

Norton Rose Group has always served the needs of clients with interests in the Asia Pacific region. But now that Norton Rose Australia has joined forces with us, we'll be even better placed. The move will create a major legal practice across the region. 700 lawyers in 13 offices to be precise. Our clients right around the world will benefit from a new wealth of resources, knowledge and contacts.

www.nortonrose.com/asiapacific

WORLD NEWS: ASIA

Google seeks book deal

By Loretta Chao

BEIJING—**Google** Inc. sought to calm anger in China over its book-scanning project, saying it aims to work out a new agreement with Chinese writers for the rights to publish their books in its digital library.

In a letter to the Chinese Writers Association, Erik Hartmann, head of Google Books in Asia, acknowledged that the company's communication with Chinese writers was "not good enough" and said Google is negotiating with the China Written Works Copyright Society to create a new plan for authors and publishers to participate in Google Books.

"Google is willing to apologize to Chinese writers for its conduct," said the letter, dated Saturday. "We hope the dispute with Chinese writers can be settled successfully," and that a new framework agreement with them can be finalized in the second quarter of this year, it said. The letter was published on the Chinese Writers Association's Web site.

The Internet giant's digital library, which allows users to search for and read all or parts of millions of books, was little known in China until October when the China Written Works Copyright Society called on authors to oppose a Google proposal to let it scan and publish snippets of books from around the world unless authors opt out. The Chinese group said thousands of works by hundreds of local authors were published by Google even though the authors were not informed or paid.

One writer, Mian Mian, sued Google last month in a Chinese court demanding an apology and 60,000 yuan, or about $8,800, for copyright infringement, after Google scanned and published snippets of her book "Acid Lover" for commercial use.

Mian Mian's lawyer, Sun Jingwei, said the author was still waiting for a response from the court, and had not withdrawn her lawsuit as of Monday. "So far, the case is still on," Mr. Sun said.

Google, which began the book scanning project in 2004 and has worked with more than 30,000 publishers and 40 libraries world-wide, lost a similar case in France last month. A French court ordered it to remove online extracts of any books published by La Martinière and pay the publisher €300,000 ($433,000). The company said it would appeal the ruling.

A Google spokeswoman said in a statement Monday that the company stands by its defense that its Google Books "promotes and encourages book sales." The company allows users to search for books by keyword and displays excerpts from relevant pages within its database. Google offers compensation to rights owners who give Google permission to publish their books in full.

"Our goal remains bringing millions of the world's difficult-to-find, out-of-print books back to life, in addition to giving millions of new books attention through direct relationships with publishers," the statement said. "Google Books is fully compliant with U.S. and Chinese law."

The Chinese Writers Association couldn't be reached for comment. But China's state-run Xinhua news agency cited an official at the association saying that she hoped that Google's apology was sincere.

—Gao Sen contributed to this article.

WSJ.com

China news: Want to read top articles from The Wall Street Journal Online in Chinese? Find them at **Chinese.WSJ.com**

Agence France-Presse

Writer Mian Mian, shown in an undated photo, last month sued Google in a Chinese court, seeking an apology and about $8,800 for copyright infringement.

中国实时报

CHINAREALTIMEREPORT

The Wall Street Journal's China Real Time Report (http://blogs.wsj.com/chinarealtime) this past week looked at a Chinese interpretation of Avatar, a Mao-era policy felt in freezing weather and talk of how tall Yao Ming's baby will be. Excerpts:

A fresh take on Avatar

When "Avatar" shattered China's single-day box office record, local filmmakers may have borne the brunt of the assault, but according to some critics in China, the real target of James Cameron's sci-fi blockbuster is another group altogether: Chinese real-estate developers.

"The developer [in the movie] thinks it is promoting GDP growth, improving the economy, bringing new life to this ignorant backwater," writes blogger and sports reporter Li Chengpeng in a much-viewed post on the film. "The residents, on the other hand ... they just want to live in the tree, in harmony with the spirits, not in some high-end apartment building with elevators."

"Avatar" tells the story of the Na'vi, scantily clad nature-worshiping natives of a moon called Pandora who find themselves in the cross hairs of a military-backed corporation from Earth that's hell-bent on exploiting a valuable mineral buried under the gigantic tree they call home.

While the plot contains obvious allusions to colonialist resource-grabbing, Li instead sees "Avatar" as an allegory for the exploitation of regular people by Chinese real-estate companies. In his post, titled "Avatar: An Epic Nail House Textbook," Li draws a comparison between the tree where the Na'vi live and the homes of people who resist eviction—known in China as "nail houses" because of the way they stick up out of would-be construction sites.

Like the Na'vi, China's nail-house residents are often asked to abandon their homes for little or nothing in return. Chinese real-estate developers, like the company in the film, are typically quasi-governmental organizations that sometimes resort to rough eviction methods when negotiations fall through.

Li's post has been viewed more than 200,000 times and attracted nearly 2,500 comments, the vast majority supportive, since he put it up last week.

Others have picked up on Li's ideas. The Beijing News called the film "a nail-house parable," and 20-something literary star Han Han, who defended the film against charges its plot is weak, said: "For audiences from other places, barbaric eviction is something they simply can't imagine—it's the sort of thing that could only happen in outer space and China."

Luckily for Chinese developers, their opponents don't ride gigantic, flesh-eating animals.

—Josh Chin

Old policy worsens chill

China's power-supply system has been pushed to the brink again amid unusually cold weather. A holdover policy from China's Maoist past isn't helping.

Since the 1950s, there has been no central heating in southern China, roughly defined as below the Yangtze River—even though temperatures fall below freezing in plenty of southern cities. Back in the '50s that was a money-saving move because the state provided heat as part of the iron rice bowl welfare of communism. Free heating has ended, but the north-south divide is still in place.

Unable to rely on central heating, southerners are cranking up electric heaters instead—which is putting a huge strain on power supplies.

But don't pity the poor southerners. A recent study suggests that northerners suffer lower birth weights because of all the pollution from their coal-fired heating boilers.

The preliminary study found that babies born in northern China during the 1980s were skinnier than their southern brethren because of pollution from coal-fired boilers for heating.

—Shai Oster

Associated Press/20th Century Fox

The film 'Avatar' has given some Chinese bloggers an opening to take a whack at the country's property developers.

Baby Yao heightens talk

Now in production: the next generation of Chinese basketballers.

Houston Rockets center Yao Ming and his basketball star wife Ye Li expect their first baby by midyear, numerous reports say. A friend of the couple apparently let the news slip during a Shanghai TV show. No one has denied it but details are scarce.

A media vigil is now under way on whether it will be a boy or girl and a big question online is how tall the baby might be. No doubt recruiters are keeping watch too.

Yao and his wife are even taller than his parents were when he was born in 1980. At 7 feet, 6 inches, the 29-year-old Yao is the tallest man in the NBA. Ye, 28, is reportedly 6 feet, 3 inches.

—James T. Areddy

People are not made of numbers. They are made of hopes and dreams, passions and partnerships, talent and tenacity. We strive to see beyond the numbers and understand what success means to our clients, to deliver what really matters. Credit Suisse, working to help its clients thrive since 1856.

credit-suisse.com

CREDIT SUISSE

Japanese get set for adulthood's ups and downs

Agence France-Presse

Japanese women and men ride on a roller coaster as they marked their entry into adulthood—turning 20—Monday at a Tokyo amusement park during Japan's annual Coming of Age Day.

North Korea sets terms for talks

By Evan Ramstad And Jaeyeon Woo

North Korea made public a new condition for returning to denuclearization talks with the U.S. and four other countries, saying it first wanted the removal of the sanctions the United Nations Security Council imposed after its second test of a nuclear weapon last year.

The condition, as reported in North Korean state-controlled media Monday, makes clear North Korea expects something in return for coming back to six-party talks. North Korea has in recent months indicated it wanted better relations with the U.S. and neighboring nations after a period of frostiness.

But diplomats worry that giving Pyongyang a carrot to return to the table would repeat North Korea's earlier pattern, in which it appeared cooperative to receive aid and concessions, only to pull away again.

"The removal of the barrier of such discrimination and distrust as sanctions may soon lead to the opening of the six-party talks," North Korea's Foreign Ministry said in a statement aired on its official Korean Central News Agency.

North Korea walked away from the six-party talks, which began in 2003, early last year. The talks involve China, Japan, North Korea, Russia, South Korea and the U.S.

North Korea also repeated its oft-stated desire for a peace agreement or treaty ending the Korean War of the 1950s before it agrees to give up nuclear weapons. The sequence of actions has long been a source of conflict between Pyongyang and Washington. The U.S., which fought alongside South Korea in that war, has for many years insisted that North Korea give up its pursuit of nuclear weapons before a peace treaty is negotiated.

North Korean foreign ministry officials told visiting U.S. diplomats in Pyongyang last month that they wanted the U.N. sanctions lifted, said a person familiar with the discussions. The U.S. diplomats told the North Koreans the sanctions are controlled by the U.N., the source said.

There is little movement in any of the countries that typically deal with North Korea to ask the U.N. to end to the sanctions, as Pyongyang wants. Some sanctions require U.N. members to stop arms shipments with North Korea. That sanction came into wide view when, three days after the U.S. diplomats left Pyongyang, Thailand stopped a cargo plane flying from North Korea to Sri Lanka, and found it carried explosives, rocket-propelled grenades and parts for surface-to-air missiles.

Meanwhile, Robert King, a U.S. special envoy for North Korean human-rights issues who is visiting South Korea on a fact-finding trip, called on North Korea to improve its "appalling" human-rights conditions for better relations with the U.S.

Australian group seeks end to strikes

By Elisabeth Behrmann And Ray Brindal

SYDNEY—A series of labor strikes at Australian shipping companies servicing the oil and gas sector are a "national economic threat," the Australian Chamber of Commerce and Industry said.

ACCI Chief Executive Peter Anderson called on Workplace Relations Minister Julia Gillard on Monday to issue a directive to end the labor action, which she can do under new workplace laws. "The government should be taking clear and decisive leadership to bring about an end to this dispute," he said.

Members of the Maritime Union have stopped work a number of times to demand increased wages, hurting the operations of companies such as **Woodside Petroleum** Ltd. and **Chevron** Corp., at a time of rapid expansion in the sector.

The strikes—five 24- to 48-hour work stoppages in total since November—come at a time of concerns for looming labor shortages, as Australia's oil and natural-gas sector starts work on a number of multibillion projects, foremost the Chevron-operated $43 billion Australian dollars (US$39.57 billion) Gorgon liquefied natural gas project.

"You can't underestimate the damage that is done if Australia isn't seen as a reliable supplier in this industry," Mr. Anderson said Monday.

Shipping companies like Total Marine Services serve drill rigs and production platforms, and the union is seeking to close a large pay gap with construction workers on offshore platforms.

Paddy Crumlin, the union's national secretary, dismissed the ACCI's claims as political posturing, partly directed at the new employment-relations regulations introduced by the center-left Labor government last year.

"The number of workers this is about is very small, it's in the hundreds. All we're pushing for is that those workers will be paid the same as construction workers," he said.

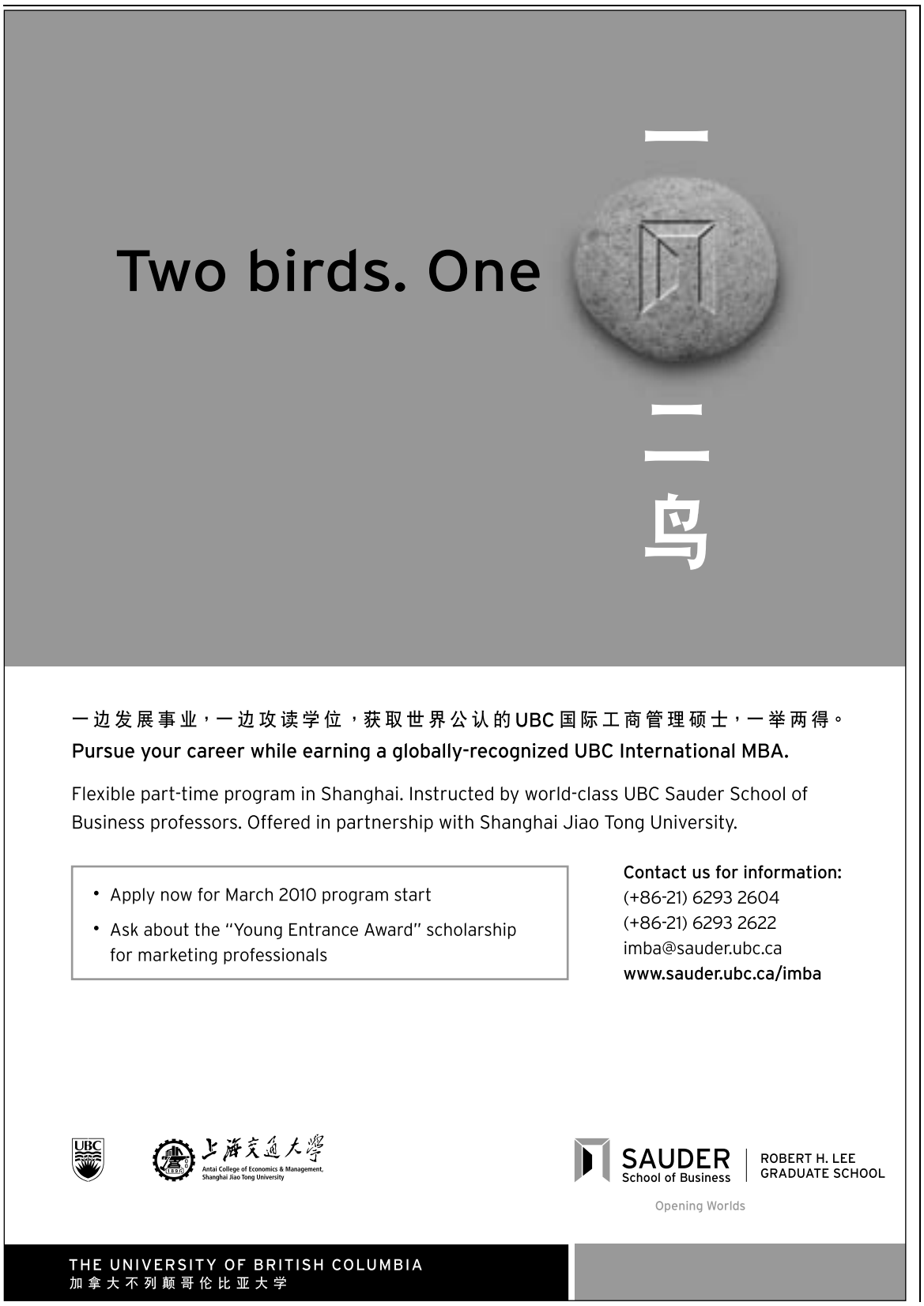
Employers have recognized a pay gap between construction workers earning contract wages and shipping-service workers paid under long-term agreements.

The strikes are affecting multiple employers in Australia's offshore industry in the northwest and in the Bass Strait near Tasmania.

Union workers want a 30% pay rise over three years and pay parity with construction workers on offshore oil and gas projects. The rise amounts to A$70,000 to 100,000 per employee per year, he said.

Mr. Crumlin said the union was aware its claims were "large," but added that the demands reflected wage increases in the construction sector over the past four years.

Mr. Anderson called the demand "excessive and undeliverable."



一边发展事业，一边攻读学位，获取世界公认的UBC国际工商管理硕士，一举两得。

Pursue your career while earning a globally-recognized UBC International MBA.

Flexible part-time program in Shanghai. Instructed by world-class UBC Sauder School of Business professors. Offered in partnership with Shanghai Jiao Tong University.

- Apply now for March 2010 program start
- Ask about the "Young Entrance Award" scholarship for marketing professionals

Contact us for information:
(+86-21) 6293 2604
(+86-21) 6293 2622
imba@sauder.ubc.ca
www.sauder.ubc.ca/imba

UBC
上海交通大學 Antai College of Economics & Management, Shanghai Jiao Tong University
SAUDER School of Business | ROBERT H. LEE GRADUATE SCHOOL
Opening Worlds

THE UNIVERSITY OF BRITISH COLUMBIA
加拿大不列颠哥伦比亚大学

Wall Street should watch out for tea-party crowd

[Capital Journal]

By Gerald F. Seib

Could all those populist pitchforks currently pointed at Washington be turned toward Wall Street instead?

That's the question that ought to worry Wall Street executives as they prepare to pay themselves nice bonuses this month, hard on the heels of a government bailout of the financial system, and amidst continuing job losses around the rest of the country. Financial firms know they're in for heat on bonuses; they've already been chastised on national TV by President Barack Obama's chief economist.

The more searing heat, though, might come not from Washington's corridors of power, but from the streets, where disjointed populist armies are starting to organize in the so-called tea-party movement.

It's a movement dominated for the moment by mistrust of big government and big government health-care plans. But it's also animated by mistrust of big institutions in general, and a tendency to see those institutions secretly working in tandem to the detriment of the little guy. So it's a short leap from anger at Washington's spending of taxpayer dollars to anger at Wall Street executives saved by those same taxpayer dollars—and then taking home a big bonus check.

Certainly we won't have to wait long to find out how combustible this mixture might be. The tea-party movement is holding its first national convention Feb. 4 to 6, in Nashville, and organizers say it's already sold out. Former vice presidential candidate Sarah Palin will be the star speaker; East Coast elites of all stripes might want to steer clear.

Judson Phillips, a Tennessee attorney and organizer of the convention, says the tea-party movement, disparate as it is, includes many people "who believe that Congress pays far too much attention to Wall Street and not enough attention to Main Street." Tea-party rallies, he says, draw a lot of small businessmen and women frustrated at their own inability to get capital while big banks prosper, and thus inclined to think the deck is stacked against them.

Asked specifically about Wall Street bonuses, Mr. Phillips replies: "I think the reaction of most people in the tea-party movement is going to be this: If a company is doing well, they don't have a problem with it. Most people in the tea-party movement are capitalists....If the company in question is one that received a government bailout—totally different story. Most people in the tea-party movement don't believe in the concept of too big to fail."

Right now, Mr. Phillips notes, Wall Street bonuses aren't the top item in the broad tea-party tent. Most available oxygen is being sucked out by anger over health care. But talk of more economic stimulus measures surely would revive anger over financial bailouts, he adds.

Indeed, anger over Wall Street bailouts was in many ways the spark that brought the tea-party movement to life. Joseph Farah, publisher of WorldNetDaily, a Web site popular among tea-party adherents, said the financial-industry rescue plan launched in the closing days of President George W. Bush's term "got this ball rolling. That's where the anger, where the frustration took root."

Since then, he notes, the movement has gone off in multiple different directions, and anger has mostly focused instead at Democrats running Washington. Yet there's a long history of populist ire being directed at Wall Street and Washington simultaneously.

If so, plenty of leaders in both places have reason to be worried. Already, grass-roots suspicion of the Federal Reserve Board is fueling the movement by Republican Rep. Ron Paul to pass legislation requiring that the Fed open its books for a public audit. Expect more populist-style Fed bashing before Fed Chairman Ben Bernanke is confirmed for a second term in coming weeks.

Beyond that, bankers in London already have seen where popular anger at the financial industry can lead. The British government has just imposed a hefty tax on bank bonuses—a tax that the mayor of London is warning could drive thousands of bankers out of his city.

The U.S. isn't close to taxing bank bonuses, at least not yet. But there are reports that the Obama administration is thinking of proposing something thematically similar, a fee on banks to recover costs of the financial bailout.

Other hints of unrest can be seen on the political left and the right. On the left, Ariana Huffington, who runs one of the Internet's hottest political sites, has just suggested that people take their money out of the kinds of big financial institutions that benefited from Washington's rescue, and move it to community banks.

And on the right, Republican Rep. Darrell Issa has begun a crusade to figure out whether Treasury Secretary Timothy Geithner, while chairman of the Federal Reserve Bank of New York, was part of a plan to hide from taxpayers the fact that rescue money doled out to insurance giant **American International Group** Inc. was simply going out the backdoor to rescue banks owed money by AIG.

It's easy in Washington and on Wall Street to dismiss the tea-party movement as a disorganized fringe force. It's worth remembering, though, that in a Wall Street Journal/NBC News poll late last year, the tea-party movement won a higher favorability rating among Americans than did either major party.

Risk matters...

If you think there is more to risk management than diversification,

If you think VaR limits are not enough to protect against downside risk,

If you think that the promise of mean reversion in the long term is not an excuse for short term inertia,

Then we ought to talk.

Executive MSc Risk & Investment Management
Singapore - London - Nice

Designed for experienced professionals and formatted to be compatible with executive schedules, the Executive MSc in Risk & Investment Management is the perfect choice for those who wish to embrace and lead change.

Further information: **melanie.ruiz@edhec-risk.com** or **+33 493 187 819**
www.edhec-risk.com

EDHEC-RISK Institute

WORLD NEWS

Central bank independence threatened

Politicians are taking bolder actions to influence monetary policy, signaling that the global financial crisis may end up reining in the independence of many central banks.

*By **Jon Hilsenrath, Brian Blackstone, Jaeyeon Woo***

Under pressure | Central banks face threats to independence as politicians move to influence monetary policy

Ben Bernanke
Chairman, U.S. Federal Reserve

The Fed's rescue efforts,including sweeping purchases of assets, have sparked Congressional calls for deeper audits and greater disclosure.

Masaaki Shirakawa
Governor, Bank of Japan

Although the BOJ has been independent since 1998, politicians – including those in the newly elected government – often attempt to steer it.

Mervyn King
Governor, Bank of England

The BOE's recently won independence will be tested as it figures out how to unwind its deep involvement in the government bond market during an election year.

Photos: Reuters (Bernanke); Bloomberg News (Shirakawa); Agence France-Presse (King)

In the past week, a policy standoff prompted Argentina's president to fire the country's central-bank chief—who was reinstated the next day by a court order. In South Korea, the government sent a political official to a central-bank policy meeting for the first time in a decade. Officials at central banks including the U.S. Federal Reserve say they worry that similar political challenges are heading their way.

Independence is vital for effective central-bank operations, economists and central bankers say. Many decisions, such as raising interest rates to fight inflation, are politically unpopular but considered necessary to effectively manage the economy. Many banks have only recently won independence, notably the Bank of England, in 1997, and the Bank of Japan the following year.

That independence is now under threat and is figuring in talks among central bankers gathered in Basel, Switzerland, this week for annual meetings at the Bank for International Settlements. Central banks are vulnerable to political meddling because they became deeply involved in government-led efforts to rescue the global economy.

Central banks also took extraordinary measures on their own. The Federal Reserve bought mortgage-backed securities and took complex derivatives as collateral for loans. The Bank of England essentially printed money when it bought swaths of government bonds. The European Central Bank, the Bank of Japan and others took similar steps.

For now, actual infringements on independence remain rhetorical or isolated among smaller countries. Argentina defaulted on its international debt in 2001, complicating the government's relations with the central bank even before the financial crisis. And recent political moves in South Korea mirror similar policies already in place at the ECB, the Bank of England and the Reserve Bank of India, among others.

In the U.S., Congress has reacted to a tide of populist anger by calling for greater scrutiny of the Fed's actions. A bill with broad support among lawmakers would subject the Fed to more comprehensive Congressional audits and permit lawmakers to delve deeper into Fed decision-making. A Senate proposal would give lawmakers and the White House more say in the governance of the 12 regional banks scattered around the country. Meanwhile, the Obama administration, with the Fed's support, has proposed limiting the central bank's ability to undertake last-minute rescues of banks without White House approval.

The Fed is more vulnerable to political interference because it has waded more deeply than ever into the U.S. economy. It is purchasing more than $1.7 trillion in Treasury and mortgage debt and partnered with the government to rescue companies such as American International Group Inc. and Citigroup Inc.

"The fact that central banks have done a lot in the crisis and not everybody agrees with everything they did, that is an issue," says Ted Truman, a former Fed staffer who is now a researcher at the Peterson Institute in Washington.

Given the concerns at the Fed, other big central banks are also worried. The ECB's multinational structure perhaps makes it less vulnerable to political interference than the Fed—but that hasn't stopped governments from trying. Last week, President Nicolas Sarkozy repeated a chronic French complaint that the euro is too strong, which could be seen as calling indirectly on the ECB to refrain from raising rates. ECB officials didn't comment in response.

The Bank of England and the Bank of Japan face new political challenges due to elections.

The Bank of Japan became independent in 1998—a development barely recognized by the longtime ruling Liberal Democratic Party. The newly elected Democratic Party of Japan, by contrast, defended BOJ independence before its landslide victory—but changed its rhetoric after coming to power.

In November, Banking Minister Shizuka Kamei said: "The Bank of Japan is asleep at the wheel as usual." In the same month, Naoto Kan, then head of a newly created budget bureau, said: "We need comprehensive measures to address the current economic situation. I hope the BOJ will take steps in a way that will answer our hopes." Last week, Mr. Kan was named finance minister. In a news conference the day after his appointment, he again appeared to be dictating policy to the central bank, saying: "With help from monetary-policy steps, I'd like to avoid the economy from falling into a double-dip recession."

In the U.K., an election is required by June, freighting the BOE's actions with political challenges. That is even more the case because the BOE has spent hundreds of billions of pounds buying bonds that the government issues, essentially printing money to lift the economy. Figuring out how to exit such a policy amid an election campaign will be a huge test of the BOE's fairly recently won independence.

One country has little concern about the issue of central bank independence: China. The Chinese central bank is a government department in charge of the nation's monetary policy. The issue of political "interference" never arises in Beijing because there is no independence to compromise.

—Natasha Brereton, Alison Tudor, Andrew Batson and Subhadip Sircar contributed to this article.

U.S. states want delay on new greenhouse-gas rules

By Stephen Power And Ian Talley

A growing number of U.S. state regulators are urging the Obama administration to slow the rollout of proposed federal rules curbing industrial greenhouse-gas emissions, saying the administration's approach could overwhelm them with paperwork, delay construction projects and undercut their own efforts to fight climate change.

The concerns echo some criticisms that business groups—including the American Petroleum Institute and the National Association of Manufacturers—have voiced about the potential consequence of new regulations, though the states generally don't challenge the legality of the proposed regulations, as some business groups have. Indeed, many state regulators continue to say they support the Environmental Protection Agency's effort to regulate greenhouse gases. Their concerns, they say, have more to do with how quickly such rules should be phased in, and how to pay for an expansion in regulatory oversight at a time when their budgets are in the red.

Regulators from around the U.S., including Kansas, Pennsylvania, Florida and California, are calling on the EPA to go slowly with its new rules, and in some cases warning that they lack funding to regulate some of the new emissions sources that would be covered.

The states' warnings vary in urgency, with some saying the EPA's proposal can be easily tweaked and others urging the agency to reconsider the proposal, predicting dire consequences. South Carolina regulators, in a letter to EPA dated Dec. 23, said the proposal will cause chaos and warned that many construction projects—and jobs—are at risk.

In a Dec. 24 letter to the EPA, the California Energy Commission, which oversees energy policy in the state, said the EPA's proposal "will likely retard, rather than facilitate," reductions in greenhouse-gas emissions from its electricity sector.

Because California, which has been a leader among states in pursuing its own emissions efforts, plans to require electric utilities to use more renewable power than they do currently, the state needs new natural-gas-fired power plants to provide back-up power when the wind doesn't blow or the sun doesn't shine. Most of those new plants aren't subject to the EPA permit process but will require permits under the EPA's proposal, the state says.

"We are gravely concerned that EPA's current proposal will likely create a huge administrative burden," said Melissa Jones, the commission's executive director. While most states stop short of predicting job losses, California says the proposed rules would cause "gridlock" on the construction of power plants.

Kansas's Department of Health and Environment has warned that the EPA proposal will affect some animal-feeding operations as well as some municipal solid-waste landfills, and Florida's Department of Environmental Protection has called the proposed permitting approach unmanageable.

The EPA declined to comment about the criticisms raised by state regulators. "We are still reviewing the comments. No decisions have been made about the final rule," an EPA spokeswoman said.

The Obama administration has said it would prefer that Congress pass legislation that would use a so-called cap-and-trade system to curb greenhouse-gas emissions. Under a cap-and-trade system, the government would require companies to hold permits in order to emit greenhouse gases. Over time, the government would issue fewer permits, bringing emissions down while allowing companies to buy and sell permits among themselves.

But prospects for that legislation passing the Senate—at least in its current form—are dim, leaving EPA regulation as the administration's main tool.

In order to acquire a permit, facilities would be required to demonstrate to state or local regulators that they are using the best practices and technologies to minimize greenhouse-gas emissions.

The decision on what constitutes those practices would, in most cases, be left to states, which are expected to rely heavily on guidance from the EPA. The EPA is expected to publish such guidance in the coming months.

Officials in other states say they worry the EPA won't give them enough time to revise their own state rules, which generally set much lower emissions thresholds for regulating air pollutants.

If the EPA doesn't give them enough time, state officials say, tens of thousands of new air-quality permits would need to be issued over the next 18 months or so, a scenario that state officials say could delay the process for many new facilities.

Citing budget shortfalls, some state agencies are suggesting the EPA propose new fees on businesses that could generate revenue for states to hire more people to process permits. But the proposals would likely encounter opposition as many businesses are still struggling to recover from the recession.

"This issue [of permits] is an extraordinarily hot topic among the states," said William Becker, executive director of the National Association of Clean Air Agencies.

Mr. Becker said that during a recent conference call organized by his group and involving more than 100 state and local air-quality agencies, "most, if not all, said EPA is seriously underestimating the number of sources" that would be subject to regulation under its proposal.

Climate-change fight's new pitch: job creation

[The Outlook]

By Jeffrey Ball

If the public has to choose between creating jobs and spending billions to scrub invisible heat-trapping gases from the sky, jobs will win. That's why the campaign to combat climate change is morphing, at least politically, into an economic-development drive with an environmental twist.

Many billions of dollars are being spent on clean energy, even amid the recession. One key to combating climate change will be increasing that investment so the economy keeps growing but coughs out less carbon. Most talk focuses on a "cap and trade" system, in which companies would buy and sell permits to emit dwindling amounts of greenhouse gases.

But nations gathered at last month's Copenhagen climate summit declined to create a global cap-and-trade scheme. They couldn't agree on which countries should reduce their emissions the most. In Washington, proposals to launch a U.S. cap-and-trade program are crashing into similar fights among regions and industries.

So what's the alternative? A grab bag of more granular steps, each sold as creating "green jobs." One example: $2.3 billion in federal clean-energy manufacturing tax credits, whose recipients President Barack Obama announced Friday.

Michael Morris, chief executive of **American Electric Power** Co., an Ohio-based utility and one of the country's biggest carbon-dioxide emitters, doubts the U.S. will soon adopt a cap-and-trade program. Unless big developing countries like China accept an emissions cap—something unlikely—a U.S. cap, which would saddle American industry with higher energy costs, would make it less competitive, he said.

"I think there is no potential for a global approach to this issue anytime soon, and because of that, it's almost illogical that there would be a U.S. approach anytime soon," Mr. Morris said. "Having said that, I don't think there's any reason we as a country can't do some constructive and positive things."

He suggested that instead of harnessing the market by putting a price on carbon, the U.S. government could require utilities to produce a certain percentage of their electricity from renewable sources—a cost they would pass on to their consumers in the form of higher electricity bills. To succeed, he said, the government would have to exercise more authority to allow the construction of power lines to take that clean juice to market. "The transmission piece is, in fact, a jobs bill," Mr. Morris said, previewing a message that was likely to be heard more often given today's 10% unemployment rate in the U.S.

Fans of a cap-and-trade system tout it as the ultimate jobs program. By driving business toward ever-cheaper ways to curb emissions, they said, it would create more jobs than it kills. They said it was the only way to prod U.S. industry to develop low-carbon technologies to compete against China, which was boosting its renewable-energy and energy-efficiency industries to nurture new exports and curb its foreign-energy bill.

"A market guided by a cap is the most powerful tool we have to match the focus of China's industrial policy," said Fred Krupp, president of the Environmental Defense Fund, an advocacy group that often works with business. Polls show that voters are even less willing than they were before the recession to spend extra money to help the environment.

Any cap-and-trade proposal, Mr. Krupp said, must contain "something that jump-starts a lot of jobs."

Markets aren't as popular as they once were. And one aspect of a cap-and-trade system is emerging as a political liability: the chance for Wall Street traders to profit from the buying and selling of greenhouse-gas emission permits.

Many advocates of a cap-and-trade system said it was necessary, but not sufficient on its own, to control climate change. Research suggests it would produce most of its emission from power producers, because they have more flexibility than most other industries to switch to lower-carbon fuels.

The world still would need big emission cuts elsewhere—namely from more-efficient cars, appliances and buildings—to slash emissions as deeply as many scientists are calling for. Achieving that, many studies conclude, would require tougher mandates for the energy efficiency of various products.

It isn't clear that any politically viable environmental policy would meaningfully curb greenhouse-gas emissions. In Copenhagen, the U.S., China and several other countries pledged to cut their emissions or slow their growth. Even if those countries kept their Copenhagen promises, the average global temperature would rise 3 degrees Celsius above pre-industrial levels by later this century, according to the International Energy Agency.

Many scientific panels have said that allowing temperatures to rise more than 2 degrees above pre-industrial levels could trigger dangerous consequences from climate change.

Some scientists said the computer models projecting those temperature increases and those consequences were flawed, and that any environmental effect from rising carbon emissions would be manageable.

"There's still a major gap between the current pledges and the desired outcome," said Fatih Birol, the IEA's chief economist.

Yet an environmental policy that fails to promote jobs isn't going to do anything for the atmosphere, either, because it isn't going to get off the ground.

Clients matter...

If you think financial engineering should address client needs rather than showcase technical sophistication,

If you think the role of financial models should be to ensure that clients' genuine risk preferences are respected,

If you think investors' objectives and liabilities should command equal respect whatever the clientele - institutional, private, or retail,

Then we ought to talk.

Executive MSc Risk & Investment Management
Singapore - London - Nice

Designed for experienced professionals and formatted to be compatible with executive schedules, the Executive MSc in Risk & Investment Management is the perfect choice for those who wish to embrace and lead change.

Further information: **melanie.ruiz@edhec-risk.com** or **+33 493 187 819**
www.edhec-risk.com

EDHEC-RISK Institute

Gadgets for home and away: some are sleeker, smarter

Devices shown at Consumer Electronics Show take the Internet more places; shouts of encouragement on treadmill

By Don Clark and Ben Charny

For an industry rocked by recession, consumer electronics companies have really been working hard to improve their offerings. That was one theme at this year's Consumer Electronics Show, which ran through Sunday in Las Vegas. Few completely new product categories have emerged, but a lot of existing ones are getting sleeker and smarter. TV makers, for example, continue to use new technologies to conserve both space and energy. Portable PCs and related gadgets are using new chips to move in similar directions, sometimes dispensing with keyboards. In many cases, the biggest improvement is adding Web capabilities in more useful ways—such as by making products work more easily with sites like Facebook. Here is a sampling of the latest CES fare:

Iomega v.Clone

What it is: A way to take your PC's software with you
Price: Free with Iomega hard drives, which start at $79.99
Availability: First quarter of 2010

Moving from PC to PC can be annoying. There are often differences in software and settings that slow down a user. Iomega Corp. thinks it has a solution.

The company, a pioneer in removable hard drives, is now part of storage giant **EMC**. Iomega used technology from VMware to develop software called v.Clone that takes a snapshot of a PC's operating system, application programs and data files.

V.Clone stores a copy of that data on an Iomega drive, allowing a user to move it easily between PCs at home and work, desktop and laptop systems, or other people's machines, the company says. People can get the software when they buy new Iomega drives, or download it free if they already have one.

Lenovo Skylight

What it is: laptop meets smart phone
Price: $499, though subsidized carrier pricing plans expected
Availability: April

Is there a market for a device that looks like a laptop but doesn't run conventional laptop software? Lenovo Group Ltd. may be among the first to find out. The China-based PC maker is offering Skylight, a portable device designed to emulate the always-connected functionality and battery life of smart phones with a larger screen and keyboard. It uses a chip called Snapdragon from **Qualcomm** Inc. and a version of the Linux operating system—not the customary x86 chips from Intel or Advanced Micro Devices or running Microsoft Windows.

Skylight not only connects to Wi-Fi networks, but also has built-in circuitry to connect to 3G cellular networks (**AT&T** Inc. will sell the device at its stores). It also has 20 gigabytes of flash memory, which can be upgraded.

Lenovo; Iomega; LG; Porsche; Philips; Sony; Hewlett-Packard

TECHNOLOGY

LG Infinia

What it is: A line of amazingly thin TVs
Price: Unspecified, though likely a 20% to 50% premium over comparable sets
Availability: First half of 2010

A race to build a thinner TV has hit a new extreme. LG Electronics Co., neck and neck with rival Samsung Electronics Co., is announcing 47-inch-and-larger TVs that are less than 1 centimeter in depth and may hit some markets as early as April.

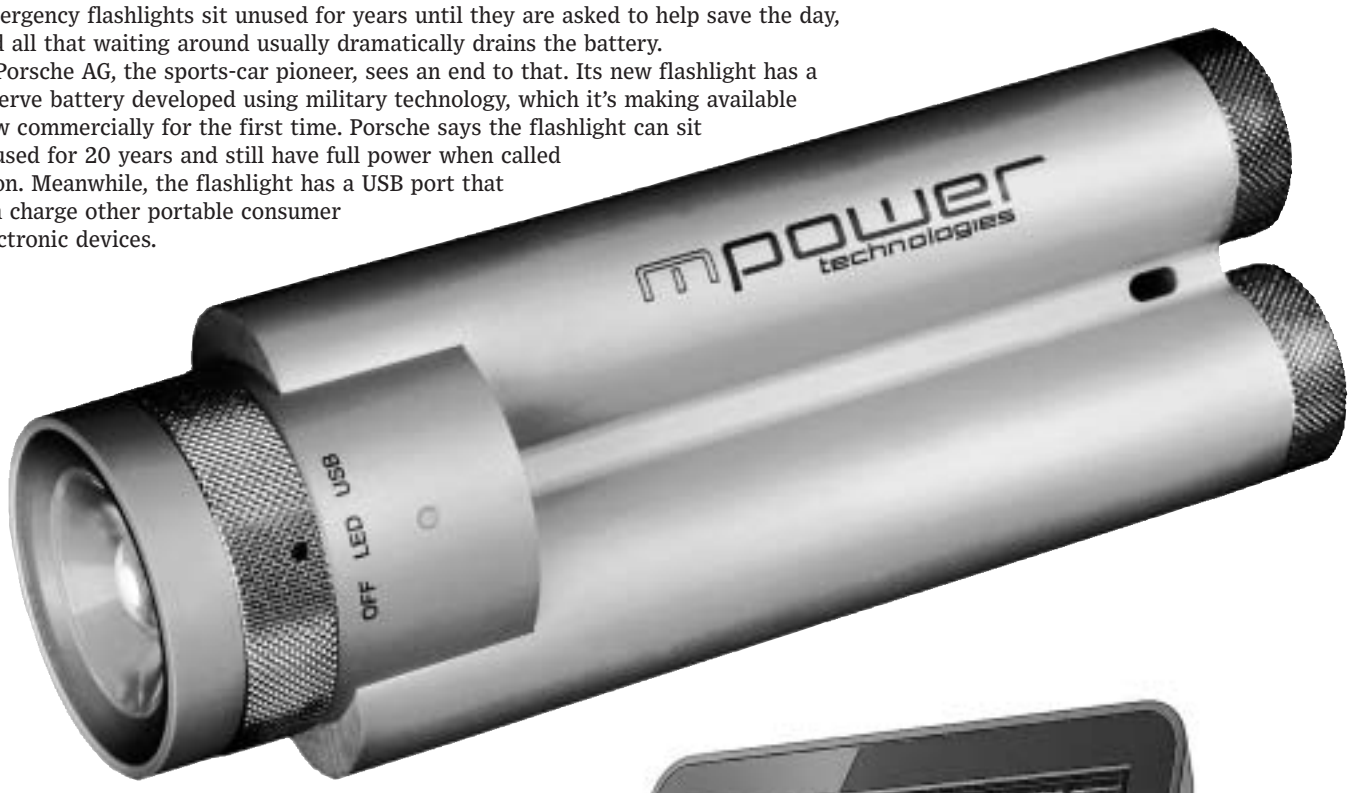
LG's Infinia models beat the new Samsung LED 9000 series of TVs by a mere fraction of a millimeter, with an edge thickness of 6.9 millimeters. The LG models expand to 8 millimeters at their center. Samsung's new super-thin TVs measure a consistent 7.1 millimeters in depth. One reason for the shrinkage is chip-sized light-emitting-diodes instead of fluorescent bulbs to illuminate the liquid crystal display.

Porsche mPower Emergency Illuminator

What it is: A long-life flashlight
Price: $289
Availability: March

Emergency flashlights sit unused for years until they are asked to help save the day, and all that waiting around usually dramatically drains the battery.

Porsche AG, the sports-car pioneer, sees an end to that. Its new flashlight has a reserve battery developed using military technology, which it's making available now commercially for the first time. Porsche says the flashlight can sit unused for 20 years and still have full power when called upon. Meanwhile, the flashlight has a USB port that can charge other portable consumer electronic devices.



Sony's dash Personal Internet Viewer

What it is: A touch-screen terminal to track your Web life
Price: $199
Availability: April

This device is not quite Sony Corp.'s answer to Apple's forthcoming tablet computer. For one thing, it has to remain plugged into an outlet. But the company says it can tap into a home's wireless network, displaying the latest online updates for weather, traffic and sports as well as highlighting what your Facebook friends are saying or what videos are hot on YouTube. Sony says it can be used upright, for placing on a table or nightstand, or tilted, good for a countertop.

—Evan Ramstad, Daisuke Wakabayashi and Sarah McBride contributed to this article.

Philips Activa

What it is: A workout companion that pumps you up
Price: $129
Availability: April

Royal Philips Electronics developed the Activa, which doesn't just play pre-selected music as you churn on the treadmill. The gadget can sense a workout's pace and select songs from a Philips library that tries to match it, using a technology called TempMusic. The Activa also shouts words of encouragement when it senses you need a boost, plus provides details about your workout, and how the readings measure up to your goals.

H-P Notebook Projector Companion

What it is: A portable projector for laptops
Price: $499
Availability: Jan. 15

Consultants, advertising execs and other constant business travelers have lots of projector-related presentation horror stories. So **Hewlett-Packard** Co. is returning to the business after a long hiatus to try to help.

The Silicon Valley giant plans to sell a 9.2-ounce projector that can cast a relatively sharp, 60-inch-wide image up to about 2.5 meters away. Its VGA connector enables the device to plug into virtually any notebook or desktop computer.

Aside from road warriors, school administrators and universities may be tempted by the price. H-P says the gadget costs about half as much as an equivalent stand-alone projector.

Bazaar: Hong Kong

What they're buying at Asia's gadget emporiums

The place Oion Computer Shop, Wan Chai, Hong Kong

The goods Corsair Memory Inc. Flash Voyager USB flash drive, 8 gigabytes

The specs We've been described as either active and sporty or recklessly clumsy. In either case, such a way of living can take a toll on brittle plastic flash drives. The Corsair Flash Voyager comes encased in rubber, reducing the chance that its keychain clasp will snap or the case will crack. Even the lid is rubber, though we wish it was attached to the drive because we know we're going to lose it. Corsair claims the flash drive is waterproof, but we've already put too many important files on it to test it ourselves.

The price 135 Hong Kong dollars (US$17.40)

The deal The saleswoman seemed shocked that we would try to haggle, saying the price is already low. She might be right—the store two booths down was selling it for HK$160. Online it retails for north of US$20, so we're content. – Carlos Tejada

Corsair

CAREER OPPORTUNITIES

CAREERS

CSPS BRUNEI DARUSSALAM | فوز تفاجين سترا ديليمن دان دعاوفوليسي Centre for Strategic and Policy Studies

The Centre for Strategic and Policy Studies (CSPS), Brunei Darussalam is a newly established Think Tank, providing advice and ideas mainly on policy and related matters of strategic importance to our stakeholders. We are seeking for qualified researchers to play a major role in our policy development and the delivery of our research programme. The following vacancies at the Centre are:-

1. SENIOR RESEARCHER (1 POST)

Primarily, the Senior Researcher is a key contributor to teams researching a variety of research areas on all matters pertaining to Brunei Darussalam's interest. He/she is also expected to contribute at a high level to the intellectual synthesis and coherence of all Think Tank work mainly on policy and related matters of strategic importance.

He/she is to provide strategic advice to our stakeholders in the public, private, voluntary sectors and other members concern. He/she is also expected to work constructively on their own and with collaboratively diverse teams of researchers to produce high quality deliverables.

He/she also plays a proactive role in establishing close working relationships with the stakeholders in order to gain a deep understanding of their issues.

2. RESEARCH OFFICER (1 POST)

The Research Officer conducts research and analysis, prepares reports and other materials related to strategic and policy issues and other related fields. He/she is expected to share responsibility in managing multiple tasks and projects being given in due time by the Senior Researcher.

He/she will liaise closely with various stakeholders where their role is to provide research input for the analysis required for the development, implementation, review and evaluation of new and existing policies.

He/she also develops external contacts in order to conduct research, manage programs and assist with other activities.

SELECTION CRITERIA

- Candidates must possess a minimum Master's degree or equivalent Postgraduate qualification in relevant fields.
- Has minimum 5 years of experience in research-related areas. Preference will be given to those who have experience in a think tank, public affairs or government office.
- Possess excellent written, communication and leadership skills and ability. Superb research, writing, analytical, organizational and interpersonal skills.
- Show a keen interest in research works and has produces a number of recognised and high quality researches in relevant fields.
- Expertise in a variety of quantitative and qualitative research methodologies.
- Ability to plan, coordinate and execute tasks and projects through to completion, balancing competing demands and have specific attention to detail.
- Self-motivated individuals who can cope under pressure and who are keen to contribute to running and further development of the Centre.
- Experience and knowledge of journal publication is an advantage.

3. ASSOCIATE RESEARCHER (2 POST)

The Associate Researcher will assist Research Officers/ Senior Researcher in literature searches, review, collecting data entry, running statistical analyses of projects and writing drafts of manuscripts. He/she is required to support the research division by performing other logistical tasks and activities of the research team.

He/she is required to prepare, edit and document progress reports and researches, publications, dissemination via presentation, other activities and meetings.

SELECTION CRITERIA

- Candidates must possess a minimum Bachelor's degree with Honours qualification in relevant fields.
- Has minimum 3 years of experience in research-related areas. Preference will be given to those who have experience in a think tank, public affairs or government office.
- Possess superb research, writing, analytical, organizational and interpersonal skills.
- Show a keen interest in research works and has produces a number of recognized and high quality researches in relevant fields.
- Expertise in a variety of quantitative and qualitative research methodologies.
- Ability to plan, coordinate and execute tasks and projects through to completion under the direction of Senior Researcher/ Research Officer.
- Self-motivated individuals who can cope under pressure and who are keen to contribute to running and further development of the Centre.
- Experience and knowledge of journal publication is an advantage.
- Demonstrate high level of organizational and administrative skill with ability to coordinate and execute tasks and projects effectively.

Successful candidates for position 1, 2 and 3 must work under the policy direction of the CSPS' governing Board as required on a contractual basis. He/ she must possess knowledge of and extensive experience in research and development, policy and related matters at strategic level. In addition, a strong knowledge of current issues are highly desired, and also willingness to travel extensively.

Candidates shall work under the direction of the Executive Director of CSPS.

All interested candidates should forward their professional profiles, curriculum vitae and contact information of 3 academic/ work references to the following address:

Centre for Strategic and Policy Studies, Corporate Division,
3rd Floor, East Wing, CPPS Building, Simpang 347, Jalan Pasar Baru, Gadong BE1318, Bunei Darrussalam

Application close on 13 February 2010

---

bpmigas

CAREER OPPORTUNITY

CNOOC SES Ltd

CNOOC SES Ltd, a subsidiary company of CNOOC Ltd., is a major oil company based in Indonesia is currently looking for an immediate employment of:

Geoscience Specialist
(Expatriate)

The incumbent will be responsible to perform, coordinate, and manage the associated geophysical, geological, and reservoir engineering studies based in the respective basin and ensure the quality control of all studies conducted within the respective group. Perform technology transfer to national understudies.

QUALIFICATIONS:

- University degree in Petroleum Engineering, Geology, or Geophysics; a higher degree would be an advantages
- Minimum 15 (fifteen) years experience in upstream Petroleum Industry
- Good knowledge in field production operation
- Good project management skills
- Good interpersonal and communication skills and able to work effectively in a multi-cultural environment.
- Adaptive, able to work under pressure, proven able to demonstrate initiative and strong problem solving capability.

Attractive remuneration package and career prospects will be offered to the right candidate. This position is for experienced personnel and only candidates who meet the above requirements should apply.

Please submit your resume by **January 22, 2010** at the latest to:

Subject : **[Code] GSS**
E-mail address : ***Recruitment@cnooc.co.id***

---

bpmigas

CAREER OPPORTUNITY

CNOOC SES Ltd

CNOOC SES Ltd, a subsidiary company of CNOOC Ltd., is a major oil company based in Indonesia is currently looking for an immediate employment of:

Petrophysical Specialist
(Expatriate)

The incumbent will be responsible to coordinate all Petrophysical related technology issues for CNOOC SES Ltd. with emphasis on log data processing and operations support. Provide petrophysical support and technical audit to the Operations Unit, Exploration, and CNOOC SES Ltd. Management. Identify, evaluate, and coordinate the transfer and application of new petrophysical technology to the operation personnel. He/she is responsible for development and coordination of technical training program for CNOOC SES Ltd.

QUALIFICATIONS:

- University degree in Engineering, Geosciences, Mathematics, or Physics; a higher degree would be an advantages
- Minimum 15 (fifteen) years of diversified experience in Petrophysical, Geological, and/or Reservoir Engineering positions.
- Mastery in computer skill inclusive PC and UNIX system with Extensive Geo-Frame experience
- Good interpersonal and communication skills and able to work effectively in a multi-cultural environment.
- Adaptive, able to work under pressure, proven able to demonstrate initiative and strong problem solving capability.

Attractive remuneration package and career prospects will be offered to the right candidate. This position is for experienced personnel and only candidates who meet the above requirements should apply.

Please submit your resume by **January 22, 2010** at the latest to:

Subject : **[Code] PPS**
E-mail address : ***Recruitment@cnooc.co.id***

Small mishaps can hurt job seekers

By Joann S. Lublin

MANAGING YOUR CAREER

Here's an important New Year's resolution for job hunters: Sweat the small stuff. Minor missteps can derail your search. In the U.S. alone, with joblessness still rampant, numerous hiring managers are knocking applicants out of the running over the slightest mistake.

That's what sporting-goods sales executive Daniel Obergfell did while seeking a marketing manager last winter. He rejected one contender for mispronouncing his surname four times—after correcting her thrice. (His last name actually is pronounced "Oberfell," with a silent "g.") She was among 40 people he interviewed for the $80,000 post, which attracted more than 400 prospects from one online listing.

"Your nerves cause you to do things you would not normally do when you must vie against many people for a job," Mr. Obergfell says. Despite such sentiments, he explains, he "couldn't get past" his disappointment over the woman's failure to pronounce his name right. "Given she never really got it right—even after being corrected, told me it was probably started with nervousness, but the issue more than likely ran deeper than that," he says.

Small interview errors are becoming more common. "Compared with two years ago, about 20% more candidates interviewed by our clients are not getting offers because of gaffes made due to their high anxiety," says Dave Campeas, president and chief executive of PrincetonOne, an executive-search firm in Skillman, N.J.

The incidence of nervous job candidates has doubled since 2006, causing some to commit careless mistakes that "ruin their chances because they didn't present themselves well," says David Mezzapelle, director of marketing and development for Goliath Jobs Inc. in Stamford, Conn.

The best solution? Prepare better for interviews. Added legwork should include extensive role playing, thorough homework about a possible employer's culture and an empathetic sense of how your skills match its needs. "Turn your dial up on sensitivity," suggests Gerard Roche, senior chairman of recruiters Heidrick & Struggles International Inc.

Here are five danger zones where small slip-ups could damage your chances:

■ **Your attire.** A middle-aged executive with an impressive résumé wore a slightly low-cut blouse during her interview with the head of a hospital in a small Texas town. Leaning across his desk, she revealed a black panther tattoo on her breast. The CEO nixed her for the finance chief's role. The large tattoo "would not fly with the board members and the community for someone in that position," he told Bradley G. Richardson, a partner at recruiters Kaye/Bassman International Corp., which handled the search.

■ **Your meal etiquette.** Most job seekers know not to order messy food. Your timing matters, too. Hoping to join a big Midwestern bank, a recent college graduate arrived late for a group interview at a restaurant. Officials and fellow candidates already were seated. The latecomer "ordered the most expensive item on the menu, ate and finished his meal before others were served," recalls Barbara Pachter, a business-etiquette specialist who advised the bank. She learned about the young man from a successful attendee at the group dinner who participated in an etiquette class that Ms. Pachter led for the bank. She says poor manners were the main reason the bank spurned the latecomer for its management-training program.

■ **Your tactfulness.** As an executive vice president of a technology management consultancy, Dan Burns often asked promising prospects when they could start work before he made an offer. They often said they weren't available for weeks because they needed to give notice. "That's the last thing a hiring manager wants to hear," says Mr. Burns, a recent retiree and author of "The First 60 Seconds: Win the Job Interview Before It Begins." You risk killing your candidacy unless you tell an interested employer that you're equally interested in the job, he cautions. Once you get an offer, you're in a better position to negotiate your arrival date.

■ **Your sweat.** A project manager hired by Mr. Burns a few summers ago jogged 12 blocks from a train station to the office of a client that was considering the recruit for a consulting gig. "Overheated and soaked, he asked if the company had shower facilities that he might use before the interview started," remembers Mr. Burns, who met the project manager in the lobby of the client's building before the interview. The company lacked showers and executives refused Mr. Burns's request to reschedule the meeting. They chose a different consultancy for their project.

■ **Your deportment.** Inappropriate behavior can cause problems. Gail Golden, a Chicago leadership coach who helps companies screen top-level candidates, dislikes male ones who put a hand on her shoulder following an interview. The patronizing touch comes across as "'Thanks for your time, sweetheart,'" she complains.

DOWJONES
MSCI
NASDAQ
STANDARD &POOR'S
NIKKEI
The world's leading indexes, all on the same platform.
From left to right
Alex Matturri, S&P; Mike Petronella, Dow Jones;
Henry Fernandez, MSCI Barra; John Jacobs, NASDAQ;
Kiyoshi Hasegawa, Nikkei
Only CME Group enables market participants to gain global equity exposure across the entire capitalization spectrum from a single electronic trading platform. From small-cap to large-cap, U.S. to international, CME Group offers a portfolio of futures and options products based on benchmark indexes from the world's leading providers – Dow Jones, MSCI Barra, NASDAQ, Nikkei and S&P. With unparalleled liquidity, transparency and speed, and the security of central counterparty clearing, CME Group guarantees the soundness of every trade. That's why CME Group is where the world comes to manage risk. Learn more at cmegroup.com/equities.
CME Group
A CME/Chicago Board of Trade/NYMEX Company
CME Group is a trademark of CME Group Inc. The Globe logo, CME, Chicago Mercantile Exchange, E-mini and Globex are trademarks of Chicago Mercantile Exchange Inc. CBOT and Chicago Board of Trade are trademarks of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange and ClearPort are trademarks of New York Mercantile Exchange Inc. COMEX is a trademark of Commodity Exchange Inc. All other trademarks are the property of their respective owners. Copyright © 2010 CME Group. All rights reserved.

CERAWEEK® 2010

ENERGY: Building a New Future

March 8–12 • Houston, Texas • Register now at www.ceraweek.com or +1 617 866 5102

Now in its 29th year, CERAWEEK is the world's most prestigious annual gathering offering insight into the energy future. Hosted by IHS Cambridge Energy Research Associates (IHS CERA) and chaired by Daniel Yergin, author of the Pulitzer Prize–winning book *The Prize*, CERAWEEK 2010 will debate, inform, and set the agenda for building tomorrow's energy strategies.

Khalid Al-Falih
President and CEO
Saudi Aramco

Chad Deaton
President and CEO
Baker Hughes

Alexander Medvedev
Deputy Chairman,
General Director
Gazprom Export

David Ratcliffe
Chairman, President,
and CEO
Southern Company

Hamad Rashid Al Mohannadi
Managing Director - CEO
RasGas

José Sergio Gabrielli de Azevedo
CEO
Petrobras

Mike Morris
Chairman, President,
and CEO, American
Electric Power
Company

Ken Rogoff
Professor of Economics
Harvard University

Nariman Behravesh
Chief Economist
IHS

Andy Inglis
Chief Executive,
Exploration and
Production
BP

James Mulva
Chairman, President
and CEO
ConocoPhillips

Paolo Scaroni
CEO
ENI Group

Brandon Bethards
CEO
Babcock & Wilcox

Philippe Joubert
Executive Vice
President, Alstom;
President, Power
Sector, Alstom

Richard Newell
Administrator
Energy Information
Administration (EIA)

Nobuo Tanaka
Executive Director
International Energy
Agency (IEA)

Jean-Francois Cirelli
Vice-Chairman and
President
GdF SUEZ

Bill Klesse
Chairman of the Board
and CEO
Valero

RK Pachauri
Chairman
Intergovernmental Panel
on Climate Change
(Nobel Laureate)

Jakob Thomasen
CEO
Maersk Oil

Ted Craver
Chairman, President
and CEO
Edison International

Andrew Liveris
Chairman and CEO
Dow Chemical

Kjell Pederson
CEO
Petoro

Thomas Walters
President
Gas & Power Marketing
ExxonMobil

Peter Darbee
Chairman, CEO,
and President
PG&E Corporation

Tan Sri Hassan Marican
President and CEO
PETRONAS

Michael Quillen
Chairman,
Alpha Natural
Resources

Daniel Yergin
Chairman
IHS CERA

IHS CERA

CERAWEEK Online enables virtual participation in CERAWEEK 2010 for both individuals and enterprises. Call +1 617 866 5102 for more information.

Partners and Sponsors

ALSTOM · ANH AGENCIA NACIONAL DE HIDROCARBUROS COLOMBIA · cisco · ExxonMobil · Saudi Aramco · Chevron · PricewaterhouseCoopers · aspentech · IBM · Vinson&Elkins International Lawyers · Standard Chartered · Baker Hughes · SAIC From Science to Solutions · Microsoft

About IHS CERA: IHS Cambridge Energy Research Associates (IHS CERA) is a leading analyst and advisor on global energy markets and economics. About IHS: (NYSE: IHS, www.ihs.com) is dedicated to providing the most complete and trusted information and expertise spanning the most important concerns facing global business today: Energy, Product Lifecycle, Security and Environment, all supported by Macroeconomics.

China and the Islamic Republic

China's Ambassador to the United Nations Zhang Yesui declared last week that it is "too early" for new sanctions on Iran. As China takes over the rotating presidency of the Security Council, the Obama Administration should consider why, exactly, Beijing is so reluctant to punish Tehran's refusal to make a deal over its nuclear program.

> Blocking U.N. sanctions is more than a business decision.

The usual answer is that China has large commercial interests in Iran, particularly in energy, and would be reluctant to impose sanctions that would put them at risk. That's true as far as it goes.

But the Chinese leadership's deeper motivation is concern about its own power at home. The color revolutions of Eastern Europe and Central Asia have rattled Beijing, much like the collapse of the Soviet bloc 20 years ago. China's response has been to clamp down on dissent at home and seek to shore up friendly regimes abroad. A further rout of authoritarian regimes could encourage the silent majority at home who would like greater political participation.

That's a key reason China supports a rogues' gallery of states, including Sudan, Burma, Cuba and Venezuela. Some believe that the pursuit of mineral wealth drives this behavior. But consider that even as Robert Mugabe has run Zimbabwe into the ground, Beijing has continued to offer this reviled dictator diplomatic and military support.

Support for North Korea is not only predicated on the need for a buffer state. Chinese leaders fear that the collapse of a longtime communist ally could have considerable domestic impact. We doubt this is true, but it does help to explain why China's support for tougher action against Pyongyang has been so limited.

As for Iran, Time magazine reported last week that a state-owned Chinese company has shipped armored vehicles to the Islamic Republic for use against opposition protestors. One Chinese company, LIMMT Economic & Trade Co., is also under indictment in New York for allegedly selling missile components to the Iranian military. This is hardly the behavior of a responsible world power seeking to advance the prospects of peace and stability.

Mahmoud Ahmadinejad

China's dissidents understand the game Beijing is playing all too well. In recent days, a Twitter campaign entitled "CN4Iran" has been formed by "Chinese who support protesters in Iran." As one said, "Today we free Tehran, tomorrow we take on Beijing." This serves to fuel the paranoia of Communist Party cadres that the usual "subversive elements" within and outside the country are organizing to bring them down.

From the outside, such fears may seem overblown. Beijing has no problem rolling up the few dissidents who stick their head above the parapet, and the economy has not suffered the brunt of the global financial crisis, officially growing by over 8% in 2009. But regimes that lack democratic legitimacy always fear for their own survival, however powerful they may seem at any given moment. So it is with China today.

The implication of all this for the Obama Administration is that it shouldn't wait for China to come around on sanctions, or pre-emptively water them down to meet Chinese approval at the Security Council. The better idea is to form a coalition of the willing outside the U.N. that, among other things, bars companies around the world that do business with Iran from access to Western capital markets. This is likely to get Beijing's attention in a way that more diplomatic pleading never will.

The Avatar Effect

Hollywood blockbusters aren't usually notable for their artistic or political subtlety. And James Cameron's latest sci-fi hit, "Avatar," would seem to be no exception, going by the lament of some critics that the film's impressive special effects are undercut by a skimpy story line and flat dialogue.

That, however, is not how many Chinese see the film, which tells the story of rapacious humans trying to evict the blue-skinned natives of the planet Pandora in order to extract some exceedingly valuable mineral. This is standard politically correct fare for a Western audience, conveying a message of racial sensitivity and environmental awareness. In China, however, it has more rebellious undertones.

That's because Chinese local governments in cahoots with developers have become infamous for forcibly seeking to evict residents from their homes with little compensation and often without their consent. The holdouts are known as "nail households," since their homes are sometimes left stranded in the middle of busy construction sites. More often, however, they are driven away by paid thugs. Private property is one of the most sensitive issues in the country today, and "Avatar" has given the resisters a shot in the arm.

Even in Hong Kong, the "Avatar" banner has been taken up by antigovernment activists trying to defeat a plan to demolish a village to make way for a new high-speed railway line. One mysterious benefactor reportedly donated movie tickets to the villagers to stoke their enthusiasm for protests.

We suspect that neither Mr. Cameron nor 20th Century Fox (a sister company to this newspaper) had any idea of the effect their movie would have on the other side of the world. But then such flukes are one of the wonderful things about globalization, confounding those who lament its supposedly homogenizing effects on culture.

The 60th Senate Vote

When Ted Kennedy died last August, Democrats said they'd honor him by finally passing the national health care he had long campaigned for. What an irony it would be if the race for Kennedy's successor in Massachusetts denied Democrats the 60th vote to ram their federal takeover into law on a partisan basis.

That prospect isn't as implausible as it once seemed in that most liberal of states, as Republican Scott Brown has closed to within striking distance of Democrat Martha Coakley in the January 19 special election. A Boston Globe survey released last weekend showed Ms. Coakley with a 15-point lead, but a survey by the Democratic firm Public Policy Polling found the race a dead heat, with Mr. Brown up 48% to 47%. The scary prospect for Democrats is that the race is even this close on their home ideological turf, and turnout is always difficult to predict in special elections.

That's especially true in midwinter and with a voting public that is increasingly opposed to the Democratic agenda in Washington. The Public Policy Poll found that likely Bay State voters oppose the Democratic health plans by 47% to 41% and that they give President Obama only 44% job approval. This in a state he carried by 26 points only 14 months ago. It also found Republicans much more motivated to vote than Democrats.

Mr. Brown, a state senator who is little known state-wide, has been running against Washington's blowout spending and has called for a freeze on the wages of federal employees. "It's not right that less-paid private sector workers suffering through a recession have to pay for expensive government salaries," he says, noting Ms. Coakley's many union endorsements.

> The special election in Massachusetts and the Democratic agenda.

He's also hit on taxes, including Ms. Coakley's comments in November that "We need to get taxes up." One of his TV ads shows film of Massachusetts son John F. Kennedy describing his 1962 tax cut bill, saying that "The billions of dollars this bill will place in the hands of the consumer and our businessmen will have both immediate and permanent benefits to our economy." It's been a long time since any national Democrat said anything like that.

Regarding ObamaCare, Mr. Brown notes that 98% of the state is already insured so any national bill will hurt Bay Staters. He's right, with the sweetheart Medicaid deal that Ben Nelson cut for Nebraska being Exhibit A. But more fundamentally, the Democratic bills would impose federally mandated rules and benefit limits that would strip states of regulatory flexibility.

Ms. Coakley is the state attorney general and ran to the left of other Democrats to win the Senate primary. She would be a reliable liberal vote for Majority Leader Harry Reid on every issue. These columns have a particular interest in Ms. Coakley's judgment from her days as district attorney for Middlesex County when she inherited the child molestation case against Gerald Amirault long after it had been shown to be fictional.

When the Governor's Advisory Board on Pardons and Paroles voted unanimously to commute Amirault's sentence in 2001, Ms. Coakley went to great lengths to see that he remain in prison. The same woman who organized protest meetings to ensure that Amirault stay behind bars now argues that would-be underwear bomber Umar Farouk Abdulmuttalab and other jihadists should not be held as enemy combatants. She is more zealous for politically correct causes than for national security.

The Democrat remains the favorite in such a liberal state, especially now that the unions and national Democrats have become alarmed by the polls. Bill Clinton will campaign for Ms. Coakley this week, and Mr. Brown can expect an assault linking him to George W. Bush, if not Herbert Hoover. But a sign of their worry is that Democrats are whispering that even if Mr. Brown wins, they'll delay his swearing in long enough to let appointed Senator Paul Kirk vote for ObamaCare.

The mere fact that Democrats have to fight so hard to save Ted Kennedy's seat shows how badly they have misjudged America by governing so far to the left.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"Our bank lobby needs a floral display that says 'Sorry we made stupid loans'..."

OPINION

Chairman Bernanke's Monetary Apologia

By Judy Shelton

Earlier this month, at the American Economic Association's annual meeting in Atlanta, Ga., Federal Reserve Chairman Ben Bernanke offered up a lengthy, professorial defense of U.S. monetary policy over the last decade, focusing on its role in the financial crisis that has gripped the world economy.

It doesn't quite rise to the level of Homeland Security Secretary Janet Napolitano's claim after a barely foiled attempt to blow up a U.S.-bound airliner on Christmas Day that "the system worked really smoothly." But Mr. Bernanke's calm observation that "monetary policy from 2002 to 2006 appears to have been reasonably consistent with the Federal Reserve's mandated goals of maximum sustainable employment and price stability" is nevertheless disturbing.

If the integrity of the dollar is not the Fed's primary concern, or if its notion of "price stability" is restricted to some narrow core inflation index that does not include escalating costs for food and energy, let alone runaway prices for financial market assets and commodities, then the Fed is woefully inadequate to the task of safeguarding the value of our nation's money.

Mr. Bernanke is not oblivious to criticism of the Fed's role in the crisis. His assertion that "regulatory and supervisory policies, rather than monetary policies, would have been more effective means of addressing the run-up in house prices" hints at a possible scapegoat for the housing bubble that presaged financial calamity.

Yet nowhere in his 34-page apologia does the Fed chairman fault Congress for inflicting Fannie Mae and Freddie Mac on the home mortgage industry; nowhere does he attempt to analyze the damaging influence of government intervention in the private sector, or its distorting impact on market assessments of risk-and-return tradeoffs.

Instead of trying to shift blame away from the easy-money policies of the Fed that accommodated such ill-considered government intrusion into the mortgage-lending business—spawning a treacherous boom in exotic derivative instruments structured against seemingly endless supplies of securitized U.S. debt—Mr. Bernanke should strive to better explain why the Fed ignored troubling indications of a growing bubble.

According to U.S. Census Bureau statistics, the average sales price of a new home in 2000 was $207,000; the average price in 2007 was $313,600, more than 50% higher in just seven years. During the same period, based on Consumer Price Index (CPI) numbers for the interim years provided by the Bureau of Labor Statistics, the average sales price of a new home should have been $250,625 in 2007—that is, if the CPI fully captured the impact of excessive monetary issuance.

In other words, if you assume stable demand and supply, the government's official CPI calculation only accounts for a 21% gain in the average sales price of a new home from the beginning of the decade to the start of the subprime collapse.

Mr. Bernanke glosses over this significant anomaly. He notes breezily in last Sunday's speech that the most rapid price gains in housing occurred in 2004 and 2005. But it's worth reminding the chairman that the Fed kept the federal-funds rate at a then-record low of 1% from June 2003 to June 2004. The most Mr. Bernanke concedes is a begrudging admission that "the timing of the housing bubble does not rule out some contribution from monetary policy."

Discounting the role Fed policy played in the crisis won't help avert the next one.

When it comes to evaluating Fed performance, the Fed itself always seems to get back to using core inflation measures. What about changes in the value of the dollar against other major currencies during the last decade? Shouldn't a decline in global purchasing power for all Americans qualify for consideration in Fed deliberations over appropriate monetary policy?

If price stability constitutes one of the Fed's key objectives, the fact that the dollar went from being worth 1.17 euros in October 2000 to a mere .63 euros in April 2008—roughly half as much—would seem to matter. Should the value of U.S. money really be subject to swings of such magnitude? The dollar's current exchange rate of .69 euros no doubt reflects the "safe haven" status of U.S. investment at times of shaky global finances; it's a residual privilege we seem poised to lose as fiscal imbalances mount.

And what about gold? The price of gold has soared to $1,128 today from $282 at the beginning of the decade, a fourfold increase. During the critical 2002-2006 period—when Mr. Bernanke insists monetary policy was consistent with the Fed's price-stability goals—the dollar price of gold climbed steadily to $700 from below $300. Did the governors of our nation's central bank not notice? Given that the U.S. government holds the largest amount of official gold reserves in the world, it would seem pertinent.

Indeed, gold is viewed by central banks the world over as a unique reserve asset. Contrary to monetary assets denominated in national currencies, its status cannot be undermined by inflation in the issuing country, nor is it subject to repudiation or default.

Which suggests that perhaps it is time to make available to the American public the sort of insurance against dollar depreciation that monetary authorities have long sought for their own portfolios. For those citizens who've become skeptical of the Fed's ability to guarantee price stability in terms more meaningful than elementary CPI statistics—or who believe the bigger threat to their personal financial security lies in a potential repeat of the last debacle—why not provide a new class of Treasury obligations that would guarantee the purchasing power of the dollar in terms of gold?

It would not necessarily be a difficult task. Congress could pass legislation authorizing a limited issuance of gold-backed Treasury notes in compliance with existing legal restrictions pertaining to U.S. savings bonds (to own U.S. savings bonds you must be a U.S. resident and have been issued a Social Security number). The five-year Treasury notes would pay no interest, but they would provide for payment of principal at maturity in either ounces of gold or the face value of the security, at the option of the holder.

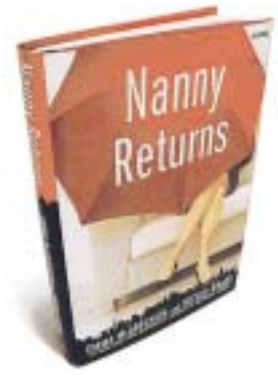
In the same way that inflation-indexed Treasury obligations provide an indication to the Fed of aggregate expectations on consumer prices, gold-backed Treasury notes would offer an additional useful tool for conducting monetary policy—one more broadly reflective of potential bubbles in both financial markets and commodities.

Don't be surprised, though, if the Fed balks at the proposal. When it comes to the golden canary, it has already proven itself tone deaf.

Ms. Shelton, an economist, is author of "Money Meltdown: Restoring Order to the Global Currency System" (Free Press, 1994).

Ex-Caregiver, Still Watchful

[Bookshelf]



Nanny Returns
By Emma McLaughlin and Nicola Kraus
(Atria, 305 pages, $25)

By Clare McHugh

Early on in a novel much concerned with the child-bearing and child-rearing practices of Manhattan's ultra-rich, protagonist Nan Hutchinson falls into conversation with a lawyer who explains to her the "in-vitro offset" in certain prenuptial agreements. Under such a provision, the lawyer says, a divorcing husband who has seen his wife squander a small fortune on fertility treatments "with no output" is entitled to deduct those costs from what he must pay his ex. In other words: No offspring, no full settlement.

For Nan, whom readers and moviegoers will recognize from the best-selling 2002 novel "The Nanny Diaries" and the film starring Scarlett Johansson, this legal gambit is a sign that little has changed since she fled the Upper East Side a dozen years earlier, disgusted by the way the well-to-do put a price on everything and neglect their children in the process. The lawyer's tutorial in "Nanny Returns" also signals that the authors—Emma McLaughlin and Nicola Kraus—are back to what they do best: skewering the manners and mores of those with more money than God.

It starts with appearances. On a drizzly winter day at a Park Avenue lunch party, Nan—now in her early 30s, freshly armed with a graduate degree and trying to launch a business-consulting firm—notices that the middle-age women in attendance look identical. They all have ponytails and wear Anne Fontaine blouses, riding pants and rain boots. How do these women manage to march in such sartorial lockstep? "Is there a blue-blood bat signal that goes up?" Nan wonders. "A dollar-sign silhouette projected against the cloudy sky?"

Their children have their own tribal dress, as Nan learns when she starts consulting at a fancy private school where she has been hired to help the faculty work better with board members. (It's an implausible development, but then plot is not the authors' strong suit.) Boys and girls alike at the Jarndyce Academy favor black separates with pastel shirts and ties.

Through a contrived series of events—including a pre-sale walk through a Park Avenue apartment and a midnight encounter with a former charge—Nan finds herself entangled once again with the family immortalized in "The Nanny Diaries" as "the Xes." Their son Grayer, who was a sweet, love-starved 4-year-old when we last saw him, has grown into an angry teen. Now he has a younger brother, the 7-year-old Stilton.

Nan tries to hold down her consulting gig and check in with the X boys while occasionally rushing back to the brownstone in East Harlem that she shares with her husband, the "Harvard Hottie" from "The Nanny Diaries." Hottie, also known as Ryan, is out of town most of the time working for the United Nations because he is so obviously a good person, which makes him different from just about every other character in the book.

In rare quiet moments at home, Nan stares out of her window at "the Key Food bags that appear to be blooming off the backyard tree" and worries about how the young Xes are going to survive their parents' breakup. Odious Mr. X has left his wife for an actress named Carter Nelson, who reluctantly allows the boys to come live with her in a glass tower in the West Village. But then Stilton burns his hand on the stove—which doesn't look like a stove because Carter has insisted on an artistically rendered kitchen. Nan chooses to take Stilton to the emergency room instead of waiting for the movie star's homeopath to tend to the wound. The indignant Carter announces that New York "may have been ruined" for her by Nan's impudence and decamps for the West Coast, leaving Mr. X and his sons behind.

Part of the appeal of "The Nanny Diaries" when it appeared eight years ago was voyeuristic. The authors, who had worked as nannies while they were students at New York University, clearly knew the world they were satirizing. Their underlying message—look how crass and unfeeling the folks at the pinnacle of financial success can be—was welcomed in boom times by those who hadn't made it quite so far. But the theme also has an inherent fascination, and the current financial downturn has not dampened the appeal of Nan's adventures.

Anyone who has read "The Nanny Diaries" will recognize the sequel as much the same in tone and structure. Happily, the detailed observations in "Nanny Returns" feels just as up-to-the-minute—with the earlier book's out-size success, the authors may have been able to do first-hand reporting from the wealthy, nanny-employing side of the equation. In this outing, though, it's apparent that Ms. McLaughlin and Ms. Kraus have thought harder about their material; the result is a novel that is more resonant and less glib than its predecessor.

At a Hamptons house party, the teenage Grayer gets drunk and acts loutishly to a woman about Nan's age. Rather than tell him off, the woman flirts with him. "This is how the Grayers become their fathers," Nan muses. "The women who should be keeping them in check were someone else's neglected daughters and their reflex is to flatter and cajole, no matter what asinine offensive thing trips from the guy's mouth." The cycle continues, even if the recession has dented the trust funds.

Ms. McHugh is the editor of All You magazine.

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY
© 2010 Dow Jones & Company. All Rights Reserved

DOWJONES
A News Corporation Company

OPINION

North Korean Money Troubles

By Nicholas Eberstadt

The past month has seen an extraordinary spectacle in North Korea: the failure of a hastily announced "currency reform" and the subsequent collapse of the won, the official domestic currency. These developments are of more than numismatic interest. Pyongyang's currency move marks the end of an era of hesitant economic experimentation and ushers in a new era of greater economic, and perhaps political, uncertainties.

Kim Jong Il's currency revaluation is on the verge of sparking hyperinflation.

The seeds for this crisis were sown long ago. The North Korean state has always had a deep philosophical problem with money—in anyone's hands but its own. Money allows ordinary North Koreans to make economic choices about their own lives, decisions the leadership takes to be its purview alone. In the North's "golden era" (before the end of the Cold War, into the 1980s), total wages and salaries ultimately accounted for barely one-fifth of national output. Apart from Pol Pot's Cambodia, no other modern government has come so close to completely demonetizing a national economy.

Pyongyang's alternative model provided a direct government supply of household goods through a public distribution system. This gave leaders near-total control over the consumption patterns of their subjects, but it also left the people almost totally dependent on what the state deigned to provide them.

With the country's economic tailspin in the wake of the Soviet collapse, the system no longer had enough food in the pipeline to feed the entire North Korean population. There commenced a terrible famine, and an implicit change in the country's social contract. People increasingly would be expected to look after their own needs. Surreptitious markets arose, with exchanges transacted via barter, primitive forms of reciprocation, and currencies of various sorts, including the North Korean won. Lacking the wherewithal that would permit the population to survive on public rations alone, the leadership was forced, from the mid-1990s onward, to tolerate a measure of private-market activity.

Late in the 1990s, as new international revenues (including dividends from the "Sunshine Policy") began to flow into the Dear Leader's coffers, North Korean leaders attempted to rebuild their badly broken socialist economy. But this took the form mainly of measures to strengthen central planning.

Then in 2002, the government suddenly enacted a flurry of economic measures. These actions never constituted the "reforms" they're sometimes termed abroad, but they did mark a departure from the previous three decades. By downsizing official ration guarantees, raising both wages and consumer prices dramatically, and radically slashing the official exchange rate, the leadership significantly increased the sanctioned role of currency and markets (state-run and otherwise).

For a variety of reasons—possibly including unintended reverberations from the past decade's nuclear drama—the remonetization did not work well. Too much new money was chasing too few goods, sparking significant inflation. By November 2009, the North Korean won's black-market value in dollars was barely 5% of the level when the 2002 measures were implemented, a depreciation averaging over 3% per month.

The government attempted to redress these problems with a single swift blow. On Nov. 30, 2009,

Reuters

Activist Park Sang-hak holds worthless North Korean banknotes in Seoul, Dec. 1

Pyongyang announced without warning an immediate "currency reform." New won notes were issued for old ones on a 1-for-100 basis; no more than 100,000 old won per person (under $40 at unofficial rates) could be converted; and old currency was completely void at the end of the week. This amounted to an overnight confiscation of the overwhelming majority of won holdings by ordinary households, and severely disrupted the workings of the country's already fragile markets for foodstuffs and other goods.

For the first time in the regime's history, a Pyongyang ukase generated widespread public resistance visible to the outside world. International news coverage reported market women cursing their government, and even told of local riots that were only suppressed by force of arms. The government backtracked, conceding that slightly larger personal holdings of old money might be exchanged for new.

Belatedly, the government also apparently realized that foreign currency plays a role in North Korea's consumer economy, too. By some estimates, the convertible foreign exchange holdings of families may total $1 billion or more, largely in dollars, yuan and euros. Three weeks after the currency reform, Pyongyang ordered that foreign currency could no longer be used in domestic transactions (as had been occurring, albeit illegally), and that all foreign notes must be exchanged at wildly unrealistic official rates. The won went into freefall.

The speed and depth of the won's resulting plunge has been dizzying. The nominal market price of rice is reportedly higher today than it was in November 2009, before currency reform. This would imply 100-fold inflation and then some in just over one month. The won-yuan exchange rate along the North Korea-China border has reportedly dropped by almost 50% over the past month, even after discounting for the 100-to-1 currency conversion. The government apparently has no confidence in its own currency move, and is now betting against it. News reports indicate that Pyongyang this month is issuing soldiers in its public security forces twice their nominal monthly pre-reform wages (a 20,000% raise in light of the currency conversion). If the government finances more wage hikes like this by running the printing presses, it will turn the currency into a toxic asset no one wants to hold.

North Korea appears to be approaching the brink of hyperinflation. This carries several implications for foreign governments, none of them pleasant.

The era of timid official experimentation with economic policy is regarded as a failure by the regime and has come to a crashing end. Because the currency reform's failure has so shaken the regime, the North's "military first politics" may take on a more strident tenor even less conducive to engagement with the West.

The botched currency reform also has revealed how little North Korean decision-makers understand their own economy, much less the outside world. On a related note, the regime's supposed heir apparent, Kim Jong Eun, was the mastermind behind the North Korean currency reform, according to South Korean intelligence. This may just be bad intelligence or disinformation. But if accurate, it raises disturbing questions about the judgment of the rising generation of North Korean leadership.

Meanwhile, Pyongyang's currency machinations portend ominously for the country's food situation. Although Pyongyang has managed to avoid mass death from starvation over the past decade, there is no margin of safety in the food system. The currency move has severely disrupted the private markets that are key to food security. North Korea is now one fateful step closer to a new famine.

The immediate consequences of the failed currency reform are bad enough already. But much worse may yet lie in store. Ordinary North Koreans are already bracing for this; Western policy makers should be preparing as well.

Mr. Eberstadt holds the Henry Wendt Chair in Political Economy at the American Enterprise Institute. He is author of the forthcoming "Policy and Economic Performance in Divided Korea During the Cold War: 1945-1991" (AEI Press).

Avoiding Another Great Game

By Ashok K. Mehta

When it comes to Afghanistan, most public attention focuses on the U.S. role in the country. But there's another trend worth encouraging: Policy makers and the people of India, Pakistan and Afghanistan are increasingly beginning to recognize that they face a common enemy, the Taliban, and have begun discussing how to collectively combat it.

Cooperation was first discussed at an India-Pakistan conference in Singapore in 2007. Last year, Afghanistan joined the discussions to form a trialogue and more three-way conferences are on the way.

Shifting Pakistani attitudes toward the Taliban have partially facilitated the cooperation. Most Pakistanis now admit there is no such thing as "good Taliban," a significant change from the past. Two events catalyzed this change—the Taliban's April flogging of a young girl in Swat and the December attack on the Army General Headquarters mosque in Rawalpindi. Indians have always rejected the idea of a "good Taliban," and more and more people in Pakistan have begun to agree with their neighbors.

Cooperation won't come naturally though. Both India and Afghanistan have serious issues with Pakistan. The history of terrorist attacks against India that are sourced in Pakistan has strained Delhi's relations with its neighbor. And Afghans take serious issue with Taliban sanctuaries on Pakistani soil and the illegal Durand Line, which demarcates the boundary between Afghanistan and Pakistan. They believe India and Pakistan should cooperate for the peace of the region, rather than negate each other's efforts.

For their part, Pakistanis believe that Indians and Afghans, who share excellent relations, have a mutual interest against them and see India's presence in Afghanistan as a threat. Reconciling conflicts of interests between India and Pakistan in Afghanistan is crucial to relaxing tensions.

There's plenty of room for expansion. At present, India is only involved in socio-economic development in Afghanistan. The Afghans want India to do more, including helping train the Afghan Army. The Afghan army chief, General Bismillah Khan, is keen on sending combat units for training in India's counterinsurgency schools. The Afghan government has suggested that Delhi and Islamabad could undertake joint projects in technology, health, education, power and communications. In 2007, Afghanistan, Pakistan and India cooperated to renovate the memorial in Jalalabad to Badshah Khan, one of the most important Frontier leaders during the Partition struggle.

India, Pakistan and Afghanistan can cooperate, not compete, for peace and prosperity in the region.

Overall, the strategic focus has shifted from East to West in Pakistan, making the Taliban, not India, their primary enemy. At the trilateral conference in Kabul, the Pakistanis openly admitted the country was in deep trouble—and that the trouble would spread. The Indians have suggested that Pakistan could expand and intensify its war on the West by relocating troops deployed against India in the East and assured that Delhi would take no advantage of the military voids. At least six to eight combat brigades have been moved from Pakistan's eastern border to the west, according to Indian military intelligence. Indian officials say that talks between military and intelligence officials to work on military cooperation could start as soon as March or April.

Pakistan-India relations are on the uptick in other areas too. Both sides came close to a settlement of the 2007 Kashmir dispute, and other disputes in areas such as Siachen, Sir Creek and Tulbul are only a whisker away from resolution. Mr. Khattak, the Pakistani senator, has already urged at the Kabul conference for an immediate revival of the India-Pakistan dialogue so that Islamabad could be more focused in its fight against the Taliban. In India, Prime Minister Manmohan Singh is keen to restart talks early this year, despite opposition in his own party. Both Presidents Asif Ali Zardari and Hamid Karzai committed to President Barack Obama last May to conclude an agreement on trade and transit by the end of 2009. Those talks are still in progress.

Trilateral cooperation has never appeared as urgent and as likely as now. It was in this spirit that Afghanistan Foreign Minister Rangeen Dafdar Spanta made a proposal in early December to establish a trilateral commission of foreign ministers to develop some of these ideas for collaboration. That would be the first step in realizing the collective dream of breakfast in Kabul, lunch in Islamabad and dinner in Delhi.

Mr. Mehta is a retired general of the Indian Army and convenor of the Friedrich Ebert Stiftung-sponsored India-Pakistan bilateral dialogue since 2003.

IN DEPTH

Little-known Citigroup unit grows with U.S. Fed's help

Role GTS plays as financial plumbing system for global commerce shows how complicated shrinking behemoths might be

By David Enrich

EVEN as U.S. federal officials move to rein in the nation's biggest banks, one chunk of giant **Citigroup** Inc. keeps expanding—with the help of the U.S. government.

Citigroup's Global Transaction Services unit, or GTS, zaps more than $3 trillion around the world each day for hundreds of corporations and dozens of governments and agencies, including the Federal Reserve. It converts currencies for the Fed, processes all passport applications for the U.S. government and handles U.S. military payments to Iraqi contractors.

The political winds are blowing stiffly against giant banks these days, as their "too big to fail" status galls much of the public and many in Congress. Federal officials have pushed Citigroup executives to radically downsize the company. The House has just passed a bill that would empower Washington to break up big banks even if they're healthy, if they are deemed to pose a risk to the overall financial system.

But the key role GTS plays as a kind of financial plumbing system for the world's commerce shows how complicated shrinking the behemoths might be. In many parts of the world, Citigroup is the only sophisticated financial institution available to work with foreign companies, governments and other organizations. And its GTS unit is so deeply intertwined with the rest of Citigroup that splitting the unit off would leave some governments and companies in the lurch.

"They can help us reach parts of the emerging markets that we can't reach on our own," says World Bank official Georgina Baker, who heads the financial-institutions division at the bank's International Finance Corp. arm.

Otis Otih, the treasurer of candy maker Mars Inc., uses GTS to handle most payments to employees and vendors of Mars operations in 68 countries. "Citibank is the only truly, truly global company for us—I don't see any alternative," he says.

As an example of what the unit allows multinationals to do, an Asian subsidiary of a European company can deposit funds with Citigroup locally and the money will instantly show up on the ledger of the parent a continent away. The system makes it easier for corporate treasurers to manage their finances, and many corporate and government clients outsource a wide range of other finance work to GTS.

Citigroup executives called this to the government's attention in November 2008, when the company was on the ropes. Executives told officials with the Treasury Department and the Fed that GTS's technology and presence in more than 100 countries made it too dangerous for the U.S. to let Citigroup collapse. The Treasury gave the bank a second big helping of $20 billion just six weeks after an initial $25 billion infusion from the Troubled Asset Relief Program, partly in recognition of GTS's importance to the financial system, according to government and company officials.

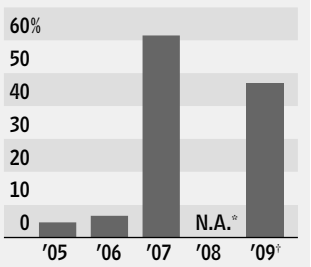
The U.S. government then followed up by reassuring clients of GTS they could count on it. Moreover, especially after the U.S. last February took a 34% stake in Citigroup (since reduced to 27%), various arms of the government repeatedly gave more business to the Citigroup unit. Since mid-2008, the amount of revenue GTS gets from the U.S. government has more than doubled, executives say. That has made the federal government and Citigroup more dependent on each other than ever.

Late last year, Citigroup repaid $20 billion of its TARP aid.

While Citigroup is primarily known for its retail banking and credit-card businesses, the GTS unit is increasingly integral to the parent company's functioning. Clients that move funds through GTS leave a lot of cash on deposit at the unit, which funnels the money to other parts of Citigroup for lending or other uses. GTS's deposit-gathering muscle has grown more important since the financial crisis began, now providing about 40% of Citigroup's $800 billion of deposits.

Profit center

The Global Transaction Services unit's profits as a percentage of Citigroup's total



*Citi had a net loss for the year
†Through September
Source: company filings

GTS, led by a German-born Italian citizen, Francesco Vanni d'Archirafi, has been a source of consistent, low-risk income during a tumultuous period for Citigroup. In the first nine months of 2009, the unit generated 10% of its parent's revenue and nearly half of its $6 billion in profit. In September, Citigroup Chief Executive Vikram Pandit described GTS as "the foundation of our global business." But to defuse internal jealousies, company executives have asked officials of GTS to stop describing their operation as the company's "crown jewel."

The unit was formed in the late 1970s, under a different name. Over time, Citigroup persuaded many corporate treasurers to consolidate overseas bank accounts at GTS instead of using a different bank in each country. Its power to process currency and other transactions made it attractive to central banks.

In 2005, Citigroup won the job of processing passport applications for the State Department. It got off to a rough start, according to a senior Citigroup executive, with so many applications pouring into a GTS facility in Delaware that executives pulled all-nighters to keep up. Lawmakers blamed Citigroup for delays. The kinks got ironed out, and a State Department official says the government is pleased with Citigroup's work.

The passport contract helped open doors around the world, as U.S. officials vouched for GTS's credentials, according to the senior Citigroup executive. The State Department wouldn't comment on that.

According to Citigroup executives, more than 80 national governments and about 60 central banks rely on GTS to manage their cash, make payments, transfer funds across borders and convert currencies. Among its many international assignments, GTS doles out government pensions to French farm workers and unemployment benefits in Mexico and Poland. It distributes about six million pension payments a year to British citizens living abroad. In the Darfur region of Sudan, it provides payroll services for United Nations peacekeepers.

In the U.S., GTS handles about 90% of the Federal Reserve Bank of New York's transactions in 180 countries and 90 currencies—some $23 billion of payments in 2009. That includes Social Security payments to expatriates. Maryland uses GTS to distribute unemployment benefits via prepaid debit cards, adorned with a photo of a blue crab on a beach.

In August 2008, the Treasury Department tapped GTS to design and run a government-wide system for collecting and processing payments businesses and individuals make to virtually any federal agency. A month later, the Treasury hired GTS to process checks and money orders federal agencies receive in the mail.

GTS's many tentacles weighed on government officials in November 2008 as doubts grew about Citigroup's viability, despite its first dose of TARP funds. Some central banks and large companies withdrew some of their deposits from GTS, according to Citigroup executives. "We were terrified" a run on the bank might erupt, one recalls.

On Friday, Nov. 21, Mr. Pandit and his deputies turned to Washington to plead for a federal bailout. While some U.S. officials were receptive, others initially balked. Hoping to cement their case, Citigroup executives scrambled to marshal evidence of why the company was too big to fail. A top executive told GTS officials to assemble a list of 25 services the unit provided to governments around the world to help illustrate Citigroup's importance, say people familiar with the events.

In phone calls with federal officials, Mr. Pandit and another executive, Edward Kelly, argued that Citigroup deserved more aid in part because of GTS's role serving governments and moving money around the world, as well as because Citigroup had a big for-

(Left to right) Business in the Community; Bloomberg News

GTS, led by a German-born Italian citizen, Francesco Vanni d'Archirafi, left, has been a source of consistent, low-risk income during a tumultuous period for Citigroup. In September, Citigroup Chief Executive Vikram Pandit, right, described GTS as "the foundation of our global business."

A scene from Iraq's Al Warka Bank, with which Citigroup's GTS unit has a deal that enables it to make payments outside Baghdad's fortified zone.

Getty Images

eign-exchange business and was a symbolic embodiment of the U.S. financial system, according to government and company officials. Mr. Pandit said if Citigroup was allowed to unravel, "100 governments around the world would be trying to figure out how to pay their employees," recalls a Citigroup executive who says he heard the remarks.

At the end of the weekend before Thanksgiving 2008, U.S. officials agreed to inject $20 billion more into Citigroup and to insulate it from most losses on about $300 billion of assets such as mortgage-backed securities.

TIAA-CREF, the big retirement fund, was negotiating a contract with GTS for investment-management technology and services at the time. "We won't speculate about what would have happened if the government hadn't stepped in" with the second helping of aid to Citigroup, says Dennis McDonald, head of the investment-strategy group at TIAA-CREF. "The fact that they were supported was obviously a positive to us."

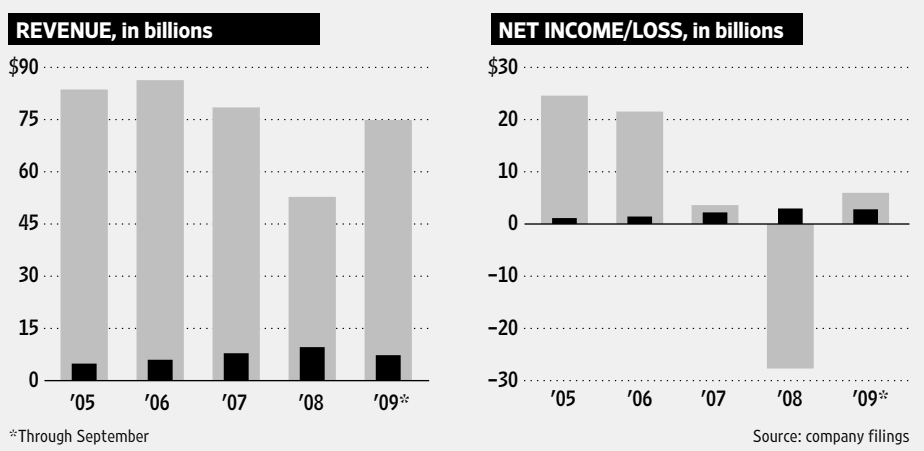
With some foreign governments remaining nervous about Citigroup's stability, bank executives sought further help from federal officials. From November 2008 to spring 2009, Fed and Treasury officials repeatedly called their non-U.S. counterparts to assure them that Citigroup was considered healthy and that the U.S. government continued to rely on GTS, according to Citigroup and government officials.

Senior New York Fed officials told foreign governments the U.S. stood behind Citigroup and was fully aware of its responsibility to keep the bank from collapsing. Citigroup officials say the offensive was successful: GTS didn't lose any government clients, although some did pare back their relationships with the company.

After the bailouts, regulators demanded that Citigroup accelerate its plans to shrink the company. Early last year, company officials announced plans to shed hundreds of billions of dollars of assets and businesses.

Key component

Global Transaction Services, a little-known Citigroup unit, has become a big source of revenue and profits



*Through September

Source: company filings

These are now collected in a division known as Citi Holdings, separate from core businesses.

Meanwhile, GTS kept growing, partly by snagging more business from the U.S. government.

In December 2008, the U.S. Embassy in Baghdad had picked GTS to handle payments to suppliers of food and services to U.S. forces. Embassy officials also arranged a partnership between Citigroup and an Iraqi lender, Al Warka Bank, that enabled GTS to make payments outside the fortified Green Zone in Baghdad. U.S. officials hope that in the long run, Citigroup's presence will help lure international capital back to Iraq.

Last February, with Citigroup still shaky, the Treasury came to Citigroup's aid for a third time. By converting $25 billion of its Citigroup preferred shares into common stock, the U.S. put itself more fully on the hook by taking a large equity stake in the company. The move also let Citigroup reduce the amount it was paying the U.S. in preferred-stock dividends.

A month after that, the Treasury picked GTS to run an aid program for auto suppliers. Then in May, an arm of the Treasury hired GTS to design a system to let the U.S. military pay vendors in remote parts of the world during wartime using mobile phones instead of cash, according to people familiar with the matter. The system is expected to be tested at a South Carolina military base and then rolled out in Afghanistan.

And in July, the Department of Transportation hired GTS to oversee the "cash for clunkers" car-buying subsidy.

When bidding for new federal contracts, some GTS executives have cited the government's stake in Citigroup, said a person familiar with the matter. Their pitch to the government: "You own us. Isn't it in your best interest for us to succeed?"

—Damian Paletta contributed to this article.

Citi's Global Transaction Services unit zaps more than $3 trillion around the world each day for hundreds of corporations and dozens of governments and agencies, including the Fed. It converts currencies for the Fed, processes passport applications and handles U.S. military payments to Iraqi contractors.

FROM PAGE ONE

U.S. banks brace for anger over bonuses

Continued from first page
requested information from eight big banks and Wall Street firms about their compensation and bonus plans for the 2009 fiscal year. The firms that received the requests were all recepients of funds under the Troubled Asset Relief Program.

Compensation should "be based on incentives that build strong institutions, not built on incentives that bring the nation to knees economically and are based on short-term, fictional profits," Mr. Cuomo said.

The attorney general said his role as a law-enforcement official is to make sure there is no fraud and that compensation is properly disclosed.

The changes to Wall Street pay packages generally apply to employees around the world, affecting bankers in London, Hong Kong and Tokyo as well as New York. Compensation at Asian-based banks usually falls short of what the big Wall Street banks offer, making it a less contentious issue.

In percentage terms, analysts expect overall pay levels to be reined in slightly as companies try to deflect fury. Michael Mayo, an analyst at Calyon Securities, expects Goldman will pay employees about 40% of 2009 revenue, down from 48% in 2008. "We feel Goldman needs to be aware of issues surrounding its comp and should make needed adjustments," he wrote in a report Friday. His projection of about $18 billion in compensation and benefits represents a 64% jump from 2008. In 2007, Goldman paid employees $20.19 billion.

Banks face a tough choice with this bonus round. Big payouts are all but guaranteed to attract intense bad publicity. But curtail bonuses after a profitable year, and employees will grumble.

Goldman executives have privately indicated that some stock doled out to employees will take longer to "vest," or be eligible to be sold, than in previous years.

Goldman also is considering increasing base salaries, now typically ranging from $100,000 to $250,000 or so, people familiar with the matter said. That would give employees more cash during the year, helping to offset the overall shift to more stock.

Goldman declined to comment. Its pay packages will be announced as part of fourth-quarter earnings reports, set for Jan. 21.

From investors' perspective, changing pay practices can be complex and there is no universal view on the firms' decision to issue more stock. Investors have been pleased that some firms, such as Goldman, have agreed to put their executive-pay plans up for shareholder vote.

Reuters

Goldman's headquarters in New York. The bank is expected to report its highest yearly profit in the firm's 141-year history.

Last month, Goldman said Mr. Blankfein and the rest of the 30-person management committee will be paid only in stock that can't be sold for five years. Mr. Blankfein had no bonus for 2008, only a $600,000 base salary.

At **J.P. Morgan Chase** & Co., in recent weeks executives spread the word through the New York firm's investment bank that they plan to show some restraint in 2009 bonuses, partly because of anti-Wall Street sentiment.

According to people familiar with the situation, compensation for the unit's 25,000 employees is expected to fall below 2007 levels, when it represented 44% of revenue. In the first nine months of 2009, J.P. Morgan's investment bank had $4.97 billion profit on $23.1 billion in revenue.

Some top earners are likely to get more cash than they did for 2008. The company has abandoned a $1 million cash cap set last year, which forced J.P. Morgan's top-paid bankers to take much of their pay in stock.

J.P. Morgan's fourth-quarter results, including compensation terms, are expected this Friday.

Like rivals, **Citigroup** Inc. still is hammering out the terms of its bonuses. People familiar with the matter said the amount allocated to cash likely will shrink by at least 30% for many employees, with a corresponding increase in stock.

Treasury Department official Kenneth Feinberg required Citigroup's highest-paid executives to get much more of their compensation as stock, although he also authorized higher cash salaries for some executives in response to concerns that the shift to stock-based compensation could leave them strapped for cash.

In order to escape from the U.S. government's Troubled Asset Relief Program, Citigroup also agreed last month to shift an additional $1.7 billion of compensation to equity.

In 2008, Citigroup paid $32.4 billion in compensation and benefits, despite a net loss of $27.7 billion. In the first nine months of 2009, it reported $18.7 billion in compensation expenses and profit of about $6 billion. Citigroup reports quarterly earnings and compensation on Jan. 19.

Citigroup officials said they are aware of "grumbling" by employees, including some who have seen the value of stock-based compensation awarded in previous years shrivel along with the share price of the company. Morale also has been hurt by a recent belt-tightening effort that cut free food in the office, tickets to sporting events and other goodies.

Employees are likely to be allowed to sell some of the new shares awarded as a bonus for 2009 within a few months, people familiar with the matter said. Restricted shares for top Citigroup executives are tied up for years.

Morgan Stanley executives have told employees that more of their bonuses will come in stock, including 50% or more for some senior officials, according to people with knowledge of the discussions. Some of those shares won't be awarded unless the New York company achieves various performance criteria during the next three years, causing some employees to say they essentially have to earn their 2009 bonus twice.

Morgan Stanley, which reports results Jan. 20, is expected to post a net loss for the full year, partly because it missed out on the bond-trading rally that lifted other firms.

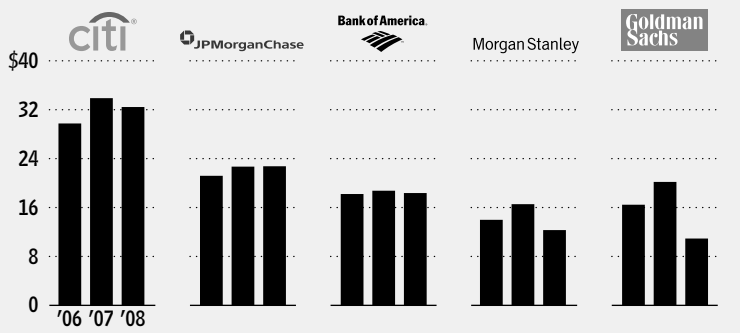
At **Bank of America** Corp., some executives will get at least 75% of their year-end pay as deferred stock or "phantom units" that will vary in value with the Charlotte, N.C., company's performance. The bank also reports earnings Jan. 20.

While getting less cash upfront might force some bankers to reduce their spending, "is Bank of America more onerous than other places? Probably not," one person familiar with the matter said. "It's not the end of the world."

—Aaron Lucchetti and Dan Fitzpatrick contributed to this article.

Big banks, big paychecks

Total annual compensation and benefits among the largest U.S. banks, in billions



Sources: the companies' financial statements

China places rules on sales of bank loans

Continued from first page
ond half of the year, as Beijing's concern about loan growth mounted. The volume of new bank loans more than doubled in 2009, as Chinese lenders, almost all of which are majority owned by the state, assisted government efforts to stimulate the economy.

Banks that sell loans to trusts are no longer allowed to remove the loans from balance sheets.

Not all the loans sold to trusts fall into the category barred by the regulatory notice, but the order appears to have nearly halted such transactions. According to Shanghai Benefit, only seven new trust products backed by bank loans have gone on sale this month, compared with 465 in December.

"It's become a lot harder to get approval for new products," said Tang Liqiong, an analyst at Shanghai Benefit, adding the banks loaded most of their new issuance into the beginning of December as rumors circulated that Beijing might rein in the practice.

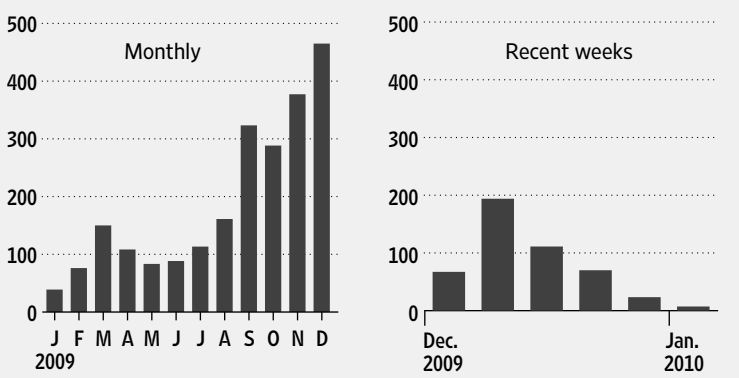
The regulatory change could add to difficulties for some Chinese banks that were already facing constraints on their lending this year by the declines in their capital-to-loan ratios as a result of last year's credit explosion. Still, analysts said it is likely to be another banner year for bank lending in China, with many forecasting 2010's new loans will be between seven trillion and eight trillion yuan, down from 9.5 trillion yuan last year but far above the annual average for previous years.

WSJ.com

China news
Want to read top articles from The Wall Street Journal Online in Chinese? Find them at **Chinese.WSJ.com**

Loss of trust

Number of new trust products backed by bank loans



Source: Shanghai Benefit Investment Consulting

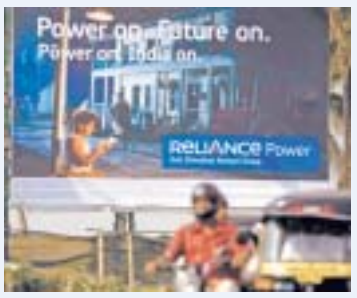
Brewery consolidation continues as Heineken buys Femsa
BUSINESS & FINANCE 23

India's inflation measure poses some puzzles
HEARD ON THE STREET 36

BUSINESS & FINANCE.

Tuesday, January 12, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

The year of the deal | Bankers are looking forward to some major mergers and offerings in 2010



Who	Reliance Industries	NTPC	AIA Group	Agricultural Bank of China	Tiger Airways
What	Proposed acquisition of chemical maker LyondellBasell	Stake sale	IPO	IPO	IPO
Where	India	India	Hong Kong	China, maybe Hong Kong	Singapore
When	Ongoing	March	Later this year (estimate)	Possibly this year	Jan. 22 Singapore listing
How much	$13.5 billion	As much as $2 billion	To be determined	Potentially up to $20 billion	$196 million

Source: WSJ reporting

Photos (from left to right): Bloomberg News; NTPC; Agence France-Presse; Bloomberg News (2)

Deal watchers predict prosperous '10

[Asia Deal Journal]

By Nisha Gopalan

A jump in Asian deal activity this year has bankers predicting good times ahead—if the region's central banks decide not to spoil the party.

Bankers already have three significant initial public offerings to look forward to. **UC Rusal**'s $2.59 billion offering and **SouthGobi Energy Resources** Ltd.'s $400 million IPO, both in Hong Kong, are making the rounds of investors. The Indian government has put on the market a 5% stake in power producer **NTPC** Ltd, which could raise $2 billion. **Tiger Airways** Ltd. is seeking $196 million in Singapore.

On the M&A front, India's **Reliance Industries** Ltd. has just sweetened its bid for chemical maker **LyondellBasell** to $13.5 billion. China's **Zhejiang Geely Holding Group** Co. awaits the results of its bid for Ford Motor Co.'s Volvo. Chinese and Indian companies are wrestling over Australian coking-coal miner **Rocklands Richfield** Ltd.

Add to that the latest blockbuster Japanese fund raising: **Sumitomo Mitsui Financial Group** Inc. last week unveiled a $9.56 billion offering.

In contrast, this time last year China was in the midst of an IPO moratorium. The $132 million IPO of China's Real Gold Mining, which played on gold's haven status, was the only IPO around. The only asset sales were by European and U.S. investment banks selling their stakes in Chinese banks to raise funds.

What has changed? Asian economies have shrugged off the global financial crisis and investors have rediscovered Asian stocks. Inflows into Asian funds outside Japan reached a record $25 billion last year, according to EPFR Global. Confidence in boardrooms is almost back to 2007 levels.

The pipeline of deals promises more. Big IPOs expected this year include the multibillion-dollar Hong Kong IPO of American International Group Inc.'s Asian life-insurance unit, **AIA Group** Ltd., and **Agricultural Bank of China** Ltd., which market observers hope could offer up as much as $20 billion of shares in China and perhaps in Hong Kong. In India, real-estate companies like **Emaar MGF** are expected to consider IPOs, as should South Korea's major life insurer, **Samsung Life Insurance** Co., in what bankers hope will be a $3.5 billion-plus deal.

Bankers are counting on China and India to chase resource assets in Australia, Africa and Latin America, as well to issue more IPOs. Indian government divestments on the cards include sales in **Steel Authority of India** Ltd. and miner **NMDC** Ltd.

Bankers also predict more bank recapitalizations outside Japan, and within Japan **Mizuho Financial Group** Inc. is expected

Please turn to page 25

China car market leaps to No. 1

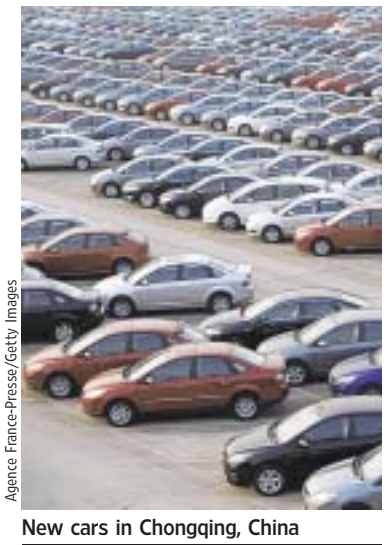
By Patricia Jiayi Ho

BEIJING—China's automobile sales in 2009 raced past the U.S. for the first time to take the top spot, as government incentives helped sales surge 46% from a year earlier to 13.6 million vehicles amid a world-wide slowdown.

Auto sales in December nearly doubled, rising 92% from a year earlier to 1.41 million vehicles, the China Association of Automobile Manufacturers said Monday.

Record sales in China last year coincided with record lows in the U.S., as the credit crisis and the resulting slowdown in the economy prompted U.S. consumers to scale down purchases.

About 10.4 million light vehicles were sold in the U.S. last year, down 21% from 2008 and the lowest total sales since 1982. The figure doesn't include sales of heavy commercial vehicles, which totaled about 500,000 units, according to CSM Worldwide analyst Yale Zhang. By contrast, China's 2009 sales, released by CAAM, include sales of heavy commercial vehicles.



Agence France-Presse/Getty Images

New cars in Chongqing, China

Except for August, when U.S. auto sales were boosted by the cash-for-clunkers incentive program, China has sold more vehicles than the U.S. on a monthly basis since January last year.

Analysts expect the country's auto market to retain the top spot this year and exceed sales in the U.S. by at least two million units. Nonetheless, analysts say China's auto market probably won't be able to repeat 2009's strong sales.

Indeed, some analysts forecast overall auto sales to rise as little as 5% to 6%. Some auto makers were more optimistic and forecast growth in a range of 10% to 15%, however.

A factor that could precipitate a slowdown is a scaling-down of government stimulus. China's central government last January halved the sales tax on vehicles with smaller engines, whose sales as a result surged in 2009. But for 2010, Beijing has eased its small-car tax cut. This year, buyers will pay 7.5% instead of the 5% rate of 2009.

U.S. quarterly reports to offer gauge of caution

By Paul Glader

As earnings season kicked off Monday, sales, capital spending and hiring plans will get especially close scrutiny for evidence that the recovery is gaining traction.

So, too, will results from bellwether industries like transportation and technology.

While fourth-quarter earnings doubtless will be far above what they were a year earlier, that largely reflects the deep hole companies were in at the end of 2008, as well as heavy cost cutting since. Indeed, one picture likely to emerge in the next few weeks is that companies remain too cautious and sales too weak to spur much new business investment or hiring.

"We've already been surprised corporations were able to weather the recession as well as they did," says Diane Swonk, chief economist at Mesirow Financial in Chicago. "It is right to characterize Corporate America as leaner and meaner than in the past."

Gauging when businesses will start investing more aggressively is key.

Lynn Reaser, president of the National Association for Business Economics and chief economist at Point Loma Nazarene University, says she will watch technology companies' results because spending on their products typically is among the first to pick up.

Spending on computers and networking equipment is likely to rise, and analysts almost uniformly expect strong results from the sector. That includes reports from **Intel** Corp., which is scheduled to post earnings Thursday, and **International Business Machines** Corp., which reports the following week.

Please turn to page 25

Rusal comfortable with debt level

Aluminum producer is confident it can meet restructuring obligations without paring stake in Norilsk Nickel

By Peter Stein

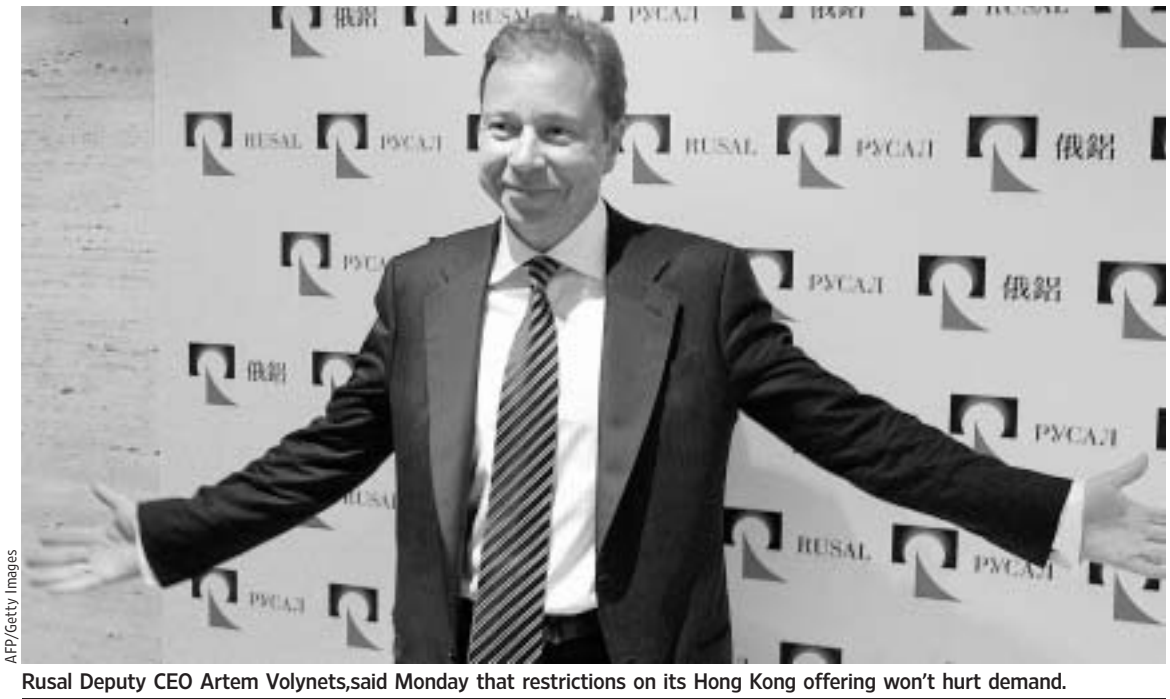
HONG KONG—Russian aluminum giant UC **Rusal** is "very comfortable" with its debt levels and confident about meeting its debt-restructuring obligations, the company's deputy chief executive said.

The executive, Artem Volynets, also said the company has no intention to sell off its 25% stake in OAO **Norilsk Nickel**, the world's largest nickel company by production.

Rusal, run by the oligarch Oleg Deripaska, is raising up to US$2.59 billion through a share sale in Hong Kong marketed to professional and other select investors. Hong Kong regulators allowed the sale, the first by a Russian company on Hong Kong's exchange, to proceed on the condition that it didn't include a public subscription component. The Securities and Futures Commission deemed the initial public offering too risky for small investors.

Mr. Volynets said the restriction "doesn't change the overall demand for the IPO in any way."

Norilsk, meanwhile, is "one of the most cash-generative companies in the world," Mr. Volynets said. "We are very optimistic about the appreciation potential and so we don't see a need to sell."



AFP/Getty Images

Rusal Deputy CEO Artem Volynets,said Monday that restrictions on its Hong Kong offering won't hurt demand.

Rusal's stake is valued at between US$7 billion and US$8 billion at current prices, or about half of Rusal's outstanding debt of US$14.9 billion. The aluminum giant bought the stake with cash and shares in a deal announced in late 2007.

"We are very comfortable with our gearing because we have that liquid asset," Mr. Volynets said, referring to Rusal's ratio of debt to overall capital.

Rusal in December completed a major restructuring with its creditors, paving the way for a share offering. Though its repayment terms have been relaxed considerably, the deal still leaves the company with the US$14.9 billion in debt and a high ratio of debt to earnings.

Mr. Volynets described "very strong cash flows" from Rusal's aluminum operations, now that aluminum prices have recovered to about US$2,250 a metric ton from between US$1,800 and US$1,900 when terms of its debt restructuring were being negotiated last summer. Because the aluminum business's margins have widened, "we are more than confident that we can meet our debt-restructuring obligations on time," he said. Rusal also has had conversations to arrange financing to restart two major Siberian aluminum projects that were put on hold amid turmoil in global markets, he said. He declined to identify banks involved in the discussions.

Some analysts have said Rusal has an advantage over other aluminum producers because it can move quickly to restart the stalled smelter projects to meet demand, but starting new production facilities from scratch could take years longer.

Thai Airways expects Finance Ministry support

By Phisanu Phromchanya

BANGKOK—**Thai Airways International** PCL said the Finance Ministry unofficially agreed to participate in its recapitalization program, a move that would see the government maintain its 51% stake in the national carrier.

The airline has submitted its restructuring program to the ministry for approval, the carrier said Monday. The program includes a plan to raise capital through issuing new shares and refinancing via bank loans and bond issues.

"The capital-raising program will be straightforward," Thai Airways President Piyasvasti Amranand said in an interview. "The Ministry of Finance will buy half of the new shares to maintain [Thai Airways'] public-enterprise status....[The ministry] has agreed unofficially but we are still pending an official 'Yes.' "

He declined to specify how much will be raised from the recapitalization. Mr. Piyasvasti previously indicated that the airline wanted to raise capital to reduce the airline's debt-to-equity ratio to two times from more than three times. Thai Airways' debt levels is around 150 billion baht to 160 billion baht, or roughly $4.5 billion to $4.8 billion.

Half the new shares the airline is issuing will be taken by the ministry. The other half will be placed with other investors, which could include other existing shareholders as well as new investors, Mr. Piyasvasti said.

A Finance Ministry official said the ministry is considering Thai Airways' restructuring program and hasn't made a final decision.

Thai Airways is expected to show a profit for last year because passenger traffic improved in the fourth quarter, Mr Piyasvasti said. "For full-year 2009, we should be able to record better profit than we had projected," he said. The airline is expected to file its earnings report by the end of next month.

For the first nine months of last year, the carrier posted a net loss of 1.57 billion baht. The airline recorded a loss of 21.31 billion baht in 2008 because of higher oil prices, foreign-exchange losses and political upheaval that led to airport closures late in the year.

The airline expects to earn four billion baht this year, barring any negative political surprise.

Since assuming his position last October, Mr. Piyasvasti has made changes in the airline's operations. He has increased Thai Airways fuel-hedging activities, tightened cooperation with 39%-owned budget affiliate **Nok Air** and finalized the financial restructuring program.

To improve earnings, the carrier plans to give up some of its unprofitable international routes and increase frequency on profitable routes or open new routes with high growth potential.

Bloomberg News

Thai Airways President Piyasvasti Amranand, seen in October, expects 2009 profit to exceed its projection.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

Agricultural Bank of China....21
AIA Group....21
Alcoa....25
American Electric Power....9
American International Group....7
Anheuser-Busch....23
AT&T....10,25
Bain Capital....28
Bank of America....1,27
Bank of America Merrill Lynch....27
Best Buy....25
Blackstone Group....28
Carlsberg....23
Caterpillar....31
Cerberus Capital Management LP....28
Chevron....6
China Construction Bank....31
China Everbright....31
China Mobile....26
China Steel....31
China Telecom....26
China Vanke....31
Chrysler....24,36
Chung Hung Steel....31
Citic Securities....31
Citigroup....1,18,27,29
Cnooc....31
Coca-Cola....23
Corsair Memory....11
Cyrela....26
Daimler....36
Deutsche Bank....27
DLF....36
Emaar MGF....21
EMC....10
Femsa....31
Film Department Holdings....28
Financial Engines....28
First Shanghai Investments....31
Fomento Economico Mexicano....23
Ford Motor....24,36
Freedom Group....28
Gafisa....26
General Electric....25
General Motors....24,36
Gerdau....26
Girard Securities....28
Goldman Sachs Group....1,27
Google....4
GVT Holding....23
Haitong Securities....31
Heineken....23,31
Hewlett-Packard....11
Honda Motor....24
Hyundai Motor....36
Indian Oil....30
Intel....21
International Business Machines....21
J.P. Morgan Chase1,27,28
Lihir Gold....31
Lloyds Banking Group..29
LyondellBasell....21,23
Mirae Asset Securities 31
Mizuho Financial Group....21
Mobile Market....26
Modelo....23
Morgan Stanley....1,27
Newcrest Mining....31
News Corp....25
Nissan Motor....24
NMDC....21
Nok Air....22
Nomura Holdings....26
Norilsk Nickel....22
NTPC....21
Office Depot....25
Panasonic....24
Pao de Acucar....26
PepsiCo....25
Poly Real Estate Group31
Qualcomm....10
Reliance Industries..21,23
Renner....26
Rio Tinto....3
Rocklands Richfield....21
Royal Bank of Scotland Group....27,29
Rusal....22
SABMiller....23
Samsung Life Insurance....21
Samsung Securities....31
Santander....29
Santos....31
Shandong Gold-Mining.31
SouthGobi Energy Resources....21
Steel Authority of India....21
STX Offshore & Shipbuilding....31
Sumitomo Mitsui Financial Group....21
Telecom Argentina....23
Telefónica....23
Thai Airways International....22
Tiger Airways....21
Toyota Motor....24,36
UBS....23
UC Rusal....21
Unitech....36
United Parcel Service...25
Verizon Communications....25
Virgin Group....29
Vivendi....23
Volkswagen....24
Walt Disney....31
Wells Fargo....36
West....28
Woodside Petroleum....6
Zhaojin Mining Industry....31
Zhejiang Geely Holding Group....21

People

This index lists the names of business-people and government regulators who receive significant mention in Today's Journal.

Piyasvasti Amranand...22
Bandeira, Alvaro....26
Banfield, Colin....25,26
Behravesh, Nariman....25
Biggs, Barton....29
Birol, Fatih....9
Blankfein, Lloyd....1
Botín, Emilio....29
Branson, Richard....29
Buchanan, William B. Jr....28
Castro, Dan....27
Chai, Wan....11
Choi Jai-sic....31
Deripaska, Oleg....22
Dial, Teresa....29
Draghi, Mario....27
d'Archirafi, Francesco Vanni....18
Enrico, Roger....25
Faruqui, Farhan....25
Ford, Bill Jr.....24
Fridson, Martin....27
Galbraith, Steven....29
Gill, Mark....28
Gubing, William F. III...24
Hartmann, Erik....4
Hendler, David....27
Hitchon, Jon....27
Horta-Osorio, Antonio..29
Jingwei,Sun....4
Kapoor, Pankaj....36
Kelly, Edward....18
Krueger, Alan....25
Krupp, Fred....9
Kuzak, Derrick....24
Lentz, Jim....24
Leung, Elinor....26
Liqiong,Tang....1
Lo, Marvin....26
Medina-Mora, Manuel..29
Menlow, David....28
Mian, Mian....4
Miller, Bill....29
Morris, Michael....9
Mulally, Alan....24,36
Odland, Steve....25
Pandit, Vikram....18,29
Pareek, Deepak....23
Patel, Margie....27
Petrassi, Paulo....26
Raghavan, Viswas....28
Reaser, Lynn....21
Ridgway, Julius....31
Rosenberg, David....31
Sacker, Neil....28
Said, Wafiq....29
Sanderson, Bryan....29
Schiffman, Glenn....26
Schmitz-Morkramer, Patrick....26
Shunan, Wang....3
Simpfendorfer, Ben....28
Strasburg, Jenny....27
Swonk, Diane....21
Trigui, Nizar....24
Truman, Ted....8
Van Horn, George....28
Verde, Mariarosa....27
Vieira, Jason....26
Volynets, Artem....22
Walsh, Sam....3
Wang, Tao....28
Wei, Li....28
Williams, Mark....25
Witherill, Mike....28
Yim, Kevin....26
Zhang, Yale....21

Corrections & Amplifications

The birthdays of North Korean founder Kim Il Sung and his wife, Kim Jong Sook, are national holidays. A World News article in Monday's issue incorrectly identified Ms. Kim as Mr. Kim's mother.

Agence France-Presse/Getty Images (van Boxmeer); Reuters (Fernandez)

CEO Jean-Francois van Boxmeer

Heineken
Founded: **1863**
Headquarters: **Amsterdam**
Key Products: **Heineken, Amstel**

CEO Jose Antonio Fernandez

Femsa
Founded: **1890**
Headquarters: **Monterrey, Mexico**
Key products: **Sol, Tecate, Tecate Light, Carta Blanca, Dos Equis**

Heineken, Femsa in deal

Dutch brewer to buy Mexican company's beer unit for $5.48 billion

Heineken NV agreed to buy the beer business of Femsa for €3.8 billion ($5.48 billion), in a surprising finish to the auction of the Mexican brewer that continues a wave of consolidation in the industry.

*By **Dana Cimilluca**, **Jeffrey McCracken** And **David Kesmodel***

Including net debt and pension obligations, the all-share deal values Femsa Cerveza at €5.3 billion.

Buying Femsa Cerveza will give Heineken, the third-largest brewer in the world by production, behind **Anheuser-Busch InBev** NV and **SABMiller** PLC, a big role in a large and profitable emerging beer market, helping the brewer offset its heavy presence in mature, slow-growing markets in Western Europe. Shares of the Dutch beer maker rose 4% to €34.25 ($49.38) on Monday in Amsterdam, but shares of Femsa sank more than 11% in New York Stock Exchange trading.

Most bankers, analysts and industry players watching the auction had expected Britain's SABMiller to buy the beer operations of Femsa, the full name of which is **Fomento Economico Mexicano** SAB.

SABMiller, unlike Heineken, has big operations in Latin America, and combining them with Femsa Cerveza was expected to lead to big cost savings and other synergies. But SABMiller dropped out of the running just before Christmas, people familiar with the matter said.

Some industry analysts say Heineken needs Femsa more than SABMiller does because Heineken has a far smaller presence in key emerging economies. And in the U.S., the world's largest beer market in terms of profits, Heineken has become increasingly dependent on the Mexican beers it imports from Femsa as its flagship brand struggles.

That created a big incentive for Heineken to buy Femsa Cerveza and maintain the alliance. Heineken USA imports Tecate, Dos Equis, Sol and other Femsa products.

The deal isn't without risks for the Dutch company. Heineken is still digesting the portion of U.K. brewer Scottish & Newcastle PLC it bought less than two years ago in partnership with **Carlsberg** AS, a deal valued at roughly $15 billion.

What's more, Femsa's Brazilian business faces stiff competition from AB InBev, which controls roughly 75% of the market. In fact, SABMiller had no interest in Femsa's Cervejarias Kaiser, as the Brazilian business is known, preferring to focus on Mexico, which also has competitive challenges. Heineken owns roughly 17% of Kaiser.

For Femsa, the sale to Heineken could help the brewer improve its marketing in Mexico, where it has steadily lost market share to larger rival **Grupo Modelo** SAB over the past two decades.

Femsa controls just under half of Mexico's beer market as the No. 2 player in a duopoly with Modelo.

Doing a deal with a big global brewer also will help Femsa prepare for the possibility of Modelo being acquired by AB InBev and becoming a stronger competitor. AB Inbev has a 50% noncontrolling stake in Modelo.

Femsa, which traces its roots to a brewery founded in 1890 in Monterrey, comprises three businesses: soft drinks, beer and a retailer. The beer operation has roughly $4 billion in annual sales.

The move will make Femsa the second largest shareholder of Heineken NV. Heineken Holding retains its 50% stake in Heineken NV.

—Anna Marij van der Meulen contributed to this article.

Venezuela devaluation hits Telefónica

By Jason Sinclair

MADRID—**Telefónica** SA Monday maintained its earnings targets as investors sold shares and pressure mounted on the company after a devaluation of the Venezuelan bolivar erased more than $1 billion in profits it has locked up in the country.

Telefónica, Europe's largest telecommunications company by market capitalization, said it will meet its guidance for 2010 of earnings per share of €2.10 and its target to increase revenue at a compound annual growth rate of 1% to 4% until 2012.

On Friday, Venezuela's president Hugo Chávez said the country would increase its official bolivar peg to 4.3 bolivars to the dollar from 2.15 bolivars to the dollar for nonessential goods, cutting in half the more than $2 billion in cash Telefónica has in bolivars and eroding future revenue generation in the country.

The move is the latest problem for Telefónica after a string of defeats in Latin America. The company has long relied on the region for growth to help compensate for weakness in its mature European markets, some of which are being hit hard by the recession.

In November, France's **Vivendi** SA outmaneuvered Telefónica in a bidding war to take over Brazilian telecom operator **GVT Holding** SA. Last week, Argentina's government said antitrust authorities will examine Telefónica's sale of Argentine company **Telecom Argentina** SA.

Analysts Monday were skeptical of Telefónica's guidance confirmation and said the Latin American success story is going to be tougher to sell from now on. "It's hard to see how Telefónica will meet its earnings per-share targets after the Venezuelan devaluation," ING's Georgios Ierodiaconou said. "The company will also be facing tighter scrutiny now about where exactly its growth in Latin America is coming from, whether it is real or inflation-driven." He said the devaluation will reduce Telefónica's group revenue by 4%, and net income by 10%.

Lisbon-based brokerage BPI also said the devaluation was negative for Telefónica, adding the company could suffer further if it has to implement inflation accounting practices for Venezuela that would also penalize net profit. Monday afternoon in Madrid trading, Telefónica shares had fallen 3.2% to €18.50.

—Bernd Radowitz contributed to this article.

Reliance Industries raises $762 million

By Satish Sarangarajan

MUMBAI—**Reliance Industries** Ltd. on Monday raised about 34.65 billion rupees ($762 million) with its third share sale in four months as it gears up to fund potential acquisitions, including that of chemical giant **LyondellBasell Industries**.

India's largest company by market value said in a statement to the Bombay Stock Exchange that it sold 33 million treasury shares held through the Petroleum Trust for 1,050 rupees each.

The trust was created to hold Reliance Industries shares when the company merged with Reliance Petroleum in 2002. The trust's beneficiary, Reliance Industrial Investments and Holdings Ltd., is a wholly owned unit of Reliance Industries.

The 1,050 rupees selling price is about 5% lower than Friday's closing price of 1,101.95 rupees on the Bombay Stock Exchange. **UBS** AG's UBS Securities India Pvt. Ltd. was the sole arranger of Monday's share sale. Last week, Reliance raised about 26.75 billion rupees from the sale of 25.85 million treasury shares. In September 2009, it raised about $662 million by selling 15 million treasury shares.

Reliance Industries recently sweetened its offer for a controlling stake in LyondellBasell, which appeared unlikely to accept the new terms and instead likely will stick with a deal to hand the company to senior lenders. Reliance's latest offer for LyondellBasell, which is in bankruptcy protection, was about $13.5 billion, up from $12 billion.

Some analysts say Reliance could be boosting its cash for acquisitions or investments other than its bid for LyondellBasell.

"Other alternatives could be companies with a range of downstream sales of petroleum products in the U.S. or Europe that could boost the company's presence in those markets," said analyst Deepak Pareek of Angel Broking Ltd., a Mumbai-based brokerage.

THE MART

FOREIGN OPPORTUNITIES

Unique Hotel Group – sale or joint venture opportunity

- Two prestigious & historic hotels (both under long leasehold)
- One hotel is an original 14th Century Castle (70 rooms), the other a 12th Century Abbey (120 rooms)
- Superb countryside settings
- Combined revenues in excess of £10m with strong wedding, function and corporate business
- Significant recent investment has created opportunity for strong future growth

Interested parties please contact Phil Bailey at RM Corporate on 0044 1756 706 635 or philbailey@rmcorporate.com

BUSINESS OPPORTUNITIES

HPCL CORRIGENDUM-I WorleyParsons

The Bid Due Date for Global Notice Inviting **Tender No.: 0435–JH0902–00–PP–RFQ–0026 for SCADA and APPS System** has been extended upto **29.01.2010 (15.00 Hrs IST)**

For further details visit Website: **http://www.hindustanpetroleum.com or www.worleyparsons.com/mumbaitenders**

National Franchiser Asset Sale
The assets of Pro Golf of America, one of the premier golf retailers in the retail golf marketplace are available due to a chapter 11 bankruptcy. The auction process for the sale of these assets is underway.
Contact Frank Hutton CEO/President @ **fhutton@progolfamerica.com or 800-PRO-GOLF**

For sale or lease:
-Tajikistan, industrial complex (property);
- Gold mine(field) for development in Tajikistan;
- Land for hotel complex or housing project in Ukraine;
Web: luganproject.com

BUSINESS OPPORTUNITIES

CEO/Biz Coaches Wanted
9-yr old company, Proven Methods
Detailed Training & Mrktg Support
CEO Income Potential
Sales executives, entrepreneurs, CEOs Who Can Sell - good candidates
Call 770-632-7647
ValueForwardNetwork.com

Carbon Credits Project
A developer of Global Green House Gas Projects to create carbon Credits as per United Nations Frame work requires capital to procure equipment for a coal mine project that will generate tradable carbon credits. Respond via email to: **agovil@cemtrex.com or call: +1-516-816-1400**

YOUR VISION
YOUR SEED CAPITAL
I Will Make It Happen
Energetic, ethical, & seasoned executive seeks clear-thinking, plain-dealing well-financed entrepreneur.
Call John: 973-525-5207
Core Competence, LLC
Princeton, NJ

TRAVEL

SAVE 60% FIRST/BUSINESS
Major Airlines. Corp. Travel
www.cookamerican.travel
(212) 201-1824
Cook **American Express Rep.**
Travel Services

Ford places focus on fuel efficiency

By Matthew Dolan

DEARBORN, Mich.—**Ford Motor** Co. unveiled its all-new Focus compact car on Monday, and a telling detail is a small bump on each of the vehicle's taillights.

These lips jut out just enough to interrupt the airflow around the back of the car, reducing turbulence and allowing the redesigned Focus to travel a bit farther on a tank of gas. Most customers might never notice, but it is the kind of detail Ford engineers now refer to as "one percenters"—tweaks that add up to increased fuel efficiency.

These incremental improvements are actually part of a larger plan launched by Chief Executive Alan Mulally when he arrived in 2006: introduce only the best-in-class cars and trucks.

Mr. Mulally is betting that winning bragging rights in key areas such as quality and fuel efficiency will enable Ford to pull customers away from age-old rivals **General Motors** Co. and **Chrysler Group** LLC, and move the auto maker into an elite class of global giants that includes **Toyota Motor** Corp. and **Volkswagen** AG.

Leading on quality and safety are the "price of admission" to the top ranks of the global auto industry, Mr. Mulally said last week at the Consumer Electronics Show in Las Vegas. He added that improving fuel efficiency and offering new technologies are "strategically important."

Since 2006, Mr. Mulally has shed Ford's noncore brands, steadied its balance sheet, accelerated new-model development and cut production to match demand—all in an effort to turn Ford into a leaner, more-focused organization.

Ford (2)

Ford expects taillight design changes on its Focus to improve aerodynamics. The car is likely to go at least 40 miles on a gallon of gas in highway driving.

He also has pushed the company's engineers to make sure that Ford can claim that its vehicles are the best in their segments. The auto maker has had some success.

Monday, Ford won the 2010 car and truck of the year awards at the North American International Auto Show in Detroit. The company's Fusion Hybrid sedan captured top car honors, while its Transit Connect van was named best truck.

In November, Consumer Reports magazine put Ford's overall quality on the same level as that of Toyota and **Honda Motor** Co. Ford also has been turning heads with its Sync in-car entertainment system that links to iPods and cellphones.

There is no guarantee this will pave the way for Ford's recovery. Foreign rivals such as Toyota, Honda and Volkswagen are flush with cash compared with Ford, and have stronger reputations among passenger-car buyers.

Americans also have proved fickle regarding fuel economy. They flocked to small cars when gas prices were high, but a Consumer Reports survey released last week showed respondents put safety, quality and value as the factors they consider the most important when buying a new car. The number of people who listed "environmentally friendly/green" as one of their top three priorities fell eight percentage points over last year's results.

For Ford, it's so far, so good. In 2009, Ford increased its U.S. market share by 1.1 percentage points to 16.1%, and reported almost $1 billion in net income in the third quarter.

The auto maker introduced new four-door and five-door hatchback Focus models at the North American International Auto Show in Detroit on Monday. The vehicles include a 2.0-liter, four-cylinder engine and a six-speed automatic transmission.

Production of the cars is to begin almost simultaneously in Europe and North America late this year, with vehicles likely to reach dealerships in early 2011. Launches are scheduled in 2012 in Africa and the Asian-Pacific region, where construction of an assembly plant for the car is under way in China. Ford hasn't disclosed pricing yet.

Meanwhile, Ford said for the first time Monday that it will build hybrid and plug-in electric vehicles at its Michigan plant. Production of the two unnamed vehicles is to start in 2012 in Wayne, Mich.

The Focus unveiled Monday will be available with a new version of the Sync system that can provide wireless Internet access to passengers, but perhaps Ford's biggest effort went into improving the vehicle's fuel economy. Company Executive Chairman Bill Ford Jr. said at the Detroit show Monday that the redesigned Focus will be the class leader in fuel economy in regions where the car is sold.

The new Focus doesn't yet have a miles-per-gallon rating from the U.S. Environmental Protection Agency, but people familiar with the matter said Ford engineers expect the car to go at least 40 miles on a gallon of gas in highway driving. That would put the new Focus ahead of the older model and competitors such as the Honda Civic, Toyota Corolla and Chevrolet Cobalt, all of which are rated at 35 or 36 mpg on the highway.

Ford's new focus on fuel efficiency is a big change for the company. Until recently, the thinking in Ford's vehicle-development group was "we're losing money as a corporation and we need to strip cost out" to improve profit margins, said William F. Gubing III, North American program manager for Ford's small cars.

When gasoline spiked to $4 a gallon, Mr. Mulally and product development chief Derrick Kuzak drove a new mantra: "Fuel economy leads to sales, which leads to profitability," Mr. Gubing said.

Then, at the start of last year, the company widened its approach, often seeking ways to eke out small gains. A fuel-economy course became mandatory for all engineers. Ford also created a Web site for employees to offer suggestions to improve vehicles' fuel efficiency.

Hundreds of ideas poured in to try to claim the $100 prize for every accepted concept, said Ford's head of vehicle energy-management engineering, Nizar Trigui. The company has adopted at least a dozen of the ideas, but Mr. Trigui declined to describe them because they are still under development.

A feature adopted from luxury car makers in the Focus is an active grille shutter. Operating like Venetian blinds, the shutters under the hood close at higher speed to prevent air from entering the engine compartment and improve aerodynamic performance by 6% on the highway. At slower speeds, the blinds open, allowing more air under the hood to help with cooling not necessary at higher speeds.

—Jeff Bennett contributed to this article.

Toyota to sell all-electric car in 2012

By Kate Linebaugh

DETROIT—**Toyota Motor** Corp. on Monday said it would begin selling an all-electric vehicle in 2012, as the Japanese auto maker pushes forward with multiple alternative technologies in addition to its commitment to gas-electric hybrid engines.

The company also plans to begin selling hydrogen-fuel-cell vehicles in 2015 and is moving forward with a proposal to expand the Prius hybrid into a family of vehicles, the second member of which could be a concept compact hybrid vehicle Toyota unveiled at the Detroit Auto Show Monday.

Toyota Motors Sales President Jim Lentz said he just received approval from Toyota's headquarters in Japan to expand the Prius line into what he hopes will be more than two models, compared with one currently. He expects the Prius family of vehicles to outsell the Camry, currently the top-selling passenger car in the U.S. Mr. Lentz said electric vehicles are still constrained by current battery technology.

Toyota has said that conventional hybrids are the auto maker's core alternative technology and has set a goal to have that option in all its models by 2020. The company Monday said it plans to release eight new hybrid models in the next few years and aims to sell one million hybrid vehicles globally a year early this decade. Toyota's partnership with **Panasonic** Corp. to build hybrid batteries will have the capacity to produce one million batteries by the end of the year.

Toyota is also pushing ahead with plug-in hybrid vehicles as rival auto makers race to release similar models or to build zero-emission, all-electric vehicles.

General Motors Co. plans to begin selling the Chevrolet Volt this year. **Nissan Motor** Co. plans to start selling its all-electric car in December.

Detroit auto show

Bloomberg News

A worker cleans a Chrysler pickup truck on the first day of the 2010 North American International Auto Show in Detroit on Monday.

'Avatar' takes No. 1 spot for 2009

James Cameron's sci-fi movie, with $1.34 billion in global sales, encroaches on 'Titanic'

Associated Press

LOS ANGELES—James Cameron's "Avatar" continues to race up the box-office charts, remaining No. 1 in the U.S. and Canada for the fourth straight weekend, bringing in an additional $48.5 million and placing second among all-time top-grossing films world-wide.

The science-fiction saga added $143 million overseas to raise its international haul to $906 million. With $429 million domestically, "Avatar" has pulled in $1.34 billion world-wide, behind only Mr. Cameron's "Titanic," which took in $1.8 billion.

In just 24 days, "Avatar" has shot past the $402.1 million domestic total of "Transformers: Revenge of the Fallen" to become the No. 1 release of 2009. "Avatar" now stands at No. 6 on the all-time domestic chart.

Twentieth-Century Fox, the studio behind "Avatar," is owned by **News Corp.**, which also publishes The Wall Street Journal.

The film has just over $100 million to go to pass the No. 2 all-time domestic hit, "The Dark Knight," at $533.3 million.

"I think we'll get there very soon," said Bert Livingston, Twentieth-Century Fox distribution executive.

The No. 2 and No. 3 box-office draws remained unchanged from the previous weekend, with the Warner Bros. hit "Sherlock Holmes" in second place at $16.6 million and Twentieth-Century Fox's "Alvin and the Chipmunks: The Squeakquel" in third at $16.3 million.

"Sherlock Holmes" raised its domestic take to $165.2 million, and "Alvin and the Chipmunks" lifted its total to $178.2 million.

Among new movies, Lionsgate's vampire thriller "Daybreakers" had the best premiere, coming in at No. 4 with $15 million. "Daybreakers" stars Ethan Hawke as a reluctant vampire racing to find a substitute for human blood in a world overrun by the undead in the near future.

Universal's romantic comedy "Leap Year" opened at No. 5 with $9.2 million. The movie stars Amy Adams as a woman who finds love in an unexpected place as she chases across Ireland to propose to her boyfriend.

The Weinstein Co. comedy "Youth in Revolt," starring Michael Cera, launched at No. 9 with $7 million in box-office receipts. The film features Michael Cera as a teen going to extremes to win the heart of his dream girl.

"Avatar" had the best fourth weekend ever for a film, surpassing the previous high of $28.7 million for "Titanic," which dominated the box office for nearly four months.

The coming Martin Luther King Day holiday in the U.S. will likely be another big one for movies.

Hollywood's box office roll has lingered in 2010. Overall domestic revenues came in at $156 million, up 6.6 percent from the same weekend last year, when "Gran Torino" led with $29.5 million, according to box office tracker Hollywood.com.

It was the eight-straight weekend of rising ticket sales.

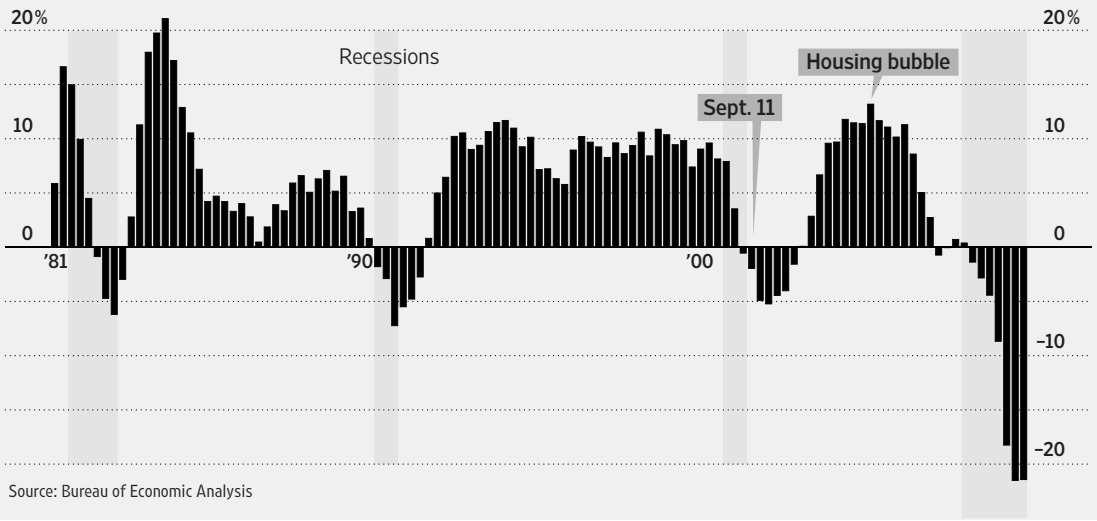
"The winning streak just continues," said Paul Dergarabedian, box office analyst for Hollywood.com. "The momentum of 2009 is just carrying over into 2010."

Hollywood put up record revenue of $10.6 billion domestically in 2009, easily surpassing the previous high of $9.7 billion in 2007.

Estimated ticket sales for Friday through Sunday at U.S. and Canadian theaters, according to Hollywood.com.

Belts tighten | Business spending recovers slowly following recessions

Quarterly change in private fixed investment from a year earlier



Source: Bureau of Economic Analysis

Sectors to watch

INDUSTRIALS
Likely to report lower earnings as demand remains weak; GE reports Jan. 22

TECHNOLOGY
Could show pickup in business spending; Intel reports Jan. 14; IBM reports Jan. 19

METALS/MINING
Companies could give more detail on demand, particularly in Asia; Alcoa reports Jan. 11

SHIPPING/RAIL
Railroads, package-delivery companies are barometers of overall economic activity; CSX reports Jan. 20; UPS reports Feb. 2

U.S. quarterly reports hold gauge to caution

Continued from page 21

Business spending overall remains uneven, however.

Economists say spending on commercial buildings, such as shopping malls and office towers, is still contracting.

Meanwhile, industrial companies continue to struggle with slack demand, and the sector is expected to post lower earnings than it did a year earlier.

General Electric Co., which reports earnings Jan. 22, remained profitable during the recession by cutting costs aggressively and relying more on its service businesses rather than on industrial orders. With equipment orders down 10% or more, analysts expect the company to earn 25 cents a share, down from 37 cents a year earlier, according to Thomson Financial First Call.

Spending by telecommunication carriers—which plow billions of dollars a year into improving their networks—will likely only creep up in 2010 after falling nearly 8% last year, according to Avian Securities. While some upgrades and maintenance can be done easily, telecoms are cautious because much of the work—like laying down new lines—can be labor intensive and costly.

The sector will spend just 1.5% more than the $56.9 billion it shelled out in 2009, Avian forecasts. **AT&T** Inc. is expected to spend $17.5 billion, about as much as it did last year, while **Verizon Communications** Inc. is expected to reduce its capital spending slightly to $16.6 billion. The two companies report earnings at the end of this month.

Capital spending tends to pick up before hiring, and economists don't expect the unemployment rate to fall below 10% until midyear.

"I think the conditions are improving, that companies should recognize that they are in an environment where they can be confident to hire. But that will certainly take some time," says Alan Krueger, the Treasury Department's chief economist.

Standard & Poor's expects earnings by companies in the S&P 500-stock index to rebound this year to the level reported in 2005. But while sales are expected to continuing inching up, the $2.03 trillion forecast for the fourth quarter isn't much better than the $2 trillion logged for a year earlier.

That has left companies wary of adding workers or revving up spending. Although the U.S. added 4,000 jobs in November, it was the first increase in two years and the economy lost 85,000 jobs last month.

Continued high unemployment is causing consumers to rein in spending. Results from retailers and consumer-product companies will signal the depth of that caution.

Holiday sales, which made up the bulk of the quarter for most retailers, were better than expected, punctuated by a 13% jump in December revenue at consumer-electronics chain **Best Buy** Co. But the industry's success generally was the result of keeping inventories lean and discounts minimal.

Consumer spending remains in question, says Roger Enrico, a retired chairman and chief executive of **PepsiCo** Inc. "It's really consumer spending that drives this economy."

Reports from producers of commodities like oil, lumber and metals also will give a read on underlying demand. **Alcoa** Inc. was to post results after the close of regular trading Monday, and analysts said it would show a return to profit, helped by rising aluminum prices and improved sales of cars and trucks.

Reports from coal, mining and steel producers are expected to reveal improved demand.

Evidence that companies restocked inventories last quarter can signal increased production and manufacturing. "Shelves are bare right now," says Nariman Behravesh, chief economist at Global Insight in Boston. Companies "are starting to order."

Steve Odland, chairman and chief executive of **Office Depot** Inc., will keep tabs on producers of corrugated carton, who typically ramp up manufacturing when they anticipate increased demand for consumer goods. "Paperboard appears to be the earliest lead," he says. He also plans to monitor truckers, railroads and trans-Pacific shipping companies.

United Parcel Service Inc., a bellwether because it moves packages around the world, on Friday raised its forecast for fourth-quarter earnings. While it cited stronger global demand, cost cuts also helped, and UPS said it sees only a gradual economic recovery. The company reports its results Feb. 2.

"I think cost cutting will still be a major theme," says Ms. Swonk, the Mesirow Financial economist. "I'm confident profits will still be there. Whether revenues are still there is a question mark, but we are close to a tipping point."

—Joann S. Lublin, Darrell Hughes, Niraj Sheth and Robert Guy Matthews contributed to this article.

Deal watchers see good times for the new year

Continued from page 21

by analysts to raise capital next.

"Chinese banks are already preparing for follow-on offerings and you will see a steady flow of capital raisings from debt and equity markets," said Farhan Faruqui, head of global banking for Asia Pacific at Citigroup.

Bankers said Chinese banking companies are planning to make their foray into rights issues and placements, sparked by the China Banking Regulatory Commission's scrutiny of capital-adequacy ratios in the wake of a massive spurt in lending last year. Asia-focused brokerage CLSA estimates Chinese banks with Hong Kong listings could raise between $25 billion and $42 billion starting in the second half of the year. A CBRC limit on debt issuance means bonds aren't an option for some banks, CLSA says.

China Merchants Bank Co. has already announced plans for a $3.2 billion rights issue, which is awaiting shareholder approval. South Korean banks may also follow the path of Shinhan Financial Group Co.'s $940.9 million rights issue in March last year.

The wild card: central banks looking to pop asset bubbles before they grow too big.

"Increasingly strict capital requirements may put pressure on banks to seek funds," said Mark Williams, UBS Asia joint head of equity capital markets.

Can it last?

At the end of the day, all hinges on interest rates staying low, and central banks holding off unwinding the extraordinary stimulus measures they have taken in the past couple of years. That is far from certain, as the region's central banks consider pulling back to avoid inflating yet another global bubble. China tightened credit slightly last week, raising worries that more may be done to cool fast-rising property prices.

Meanwhile, the flood of IPO activity has taken a toll on sentiment. Last week, China National Chemical Engineering's nearly $1 billion Shanghai IPO ended a subdued 5.9% higher on its debut, a far cry from the near tripling of deals last year.

For now, bankers are optimistic that they haven't reached the limit of the market's tolerance for deals.

"Overall valuations haven't increased to the levels where they become prohibitively expensive for buyers," said Colin Banfield, Nomura head of M&A in Asia outside Japan. "All the Asian M&A and capital markets are busy."

Mr. Faruqui said, with all the activity that is picking up where 2009 left off, "it's like the holiday season never happened."

WSJ.com

Online Today:
Read the Journal's take on high-stakes world of deal making, Deal Journal, at **WSJ.com/OnlineToday**

MARKETS

China Mobile: Ugly duckling to swan

A weak performer in 2009, the stock now offers an attractive valuation and improved growth prospects

By Lorraine Luk

HONG KONG—**China Mobile** Ltd. may have been the worst performing blue-chip stock in Hong Kong last year, but now may be an opportune time for investors to revisit the shares.

An attractive dividend yield, a low valuation compared to its competitors, **China Unicom (Hong Kong)** Ltd. and **China Telecom** Corp., as well as improving growth prospects with the launch of more advanced third-generation telecom services likely means a much better year for the telecom operator in 2010.

"Undeniably, China Mobile's net profit growth has slowed down. But at current low valuation, we see values in the stock given its strong brand and huge subscriber base," said Kevin Yim, an analyst at Guococapital.

Shares of China Mobile, the world's biggest telecom operator by subscribers, have largely underperformed the broader market due to worries over rising competition after a government-mandated industry restructuring merged China's six telecom operators into three nationwide full-service operators in late 2008. Mainly because of those concerns, its shares fell 6.4% in 2009, while the benchmark Hang Seng Index rose 52%.

The company's shares rose 0.5% Monday, to 74.85 Hong Kong dollars (US$9.65) each.

But at current levels, China Mobile is trading around 10 times anticipatred 2010 earnings, much lower than China Unicom (Hong Kong)'s 30 times and China Telecom's 15 times.

China Mobile spokeswoman Rainie Lei declined to comment on the company's share-price performance.

Mr. Yim said China Mobile's share price has limited downside potential this year because the market has already priced in factors such as intensifying competition, loss in market share and slowing earnings growth. The company has 518 million subscribers and its mobile market share stands at 72%.

China Mobile's stable cash flow and its high dividend yield are also major selling points in a volatile market. As of June 30, it had cash of 90.73 billion yuan ($13.29 billion). The mobile giant's dividend yield is 4%-4.5%, compared with China Unicom's 1%-2% and China Telecom's 2.8%, said Marvin Lo, an analyst at Daiwa Securities.

China Mobile Chairman Wang Jianzhou said in November the company expects its profit to continue to grow with the launch of new services such as mobile television and mobile readers.

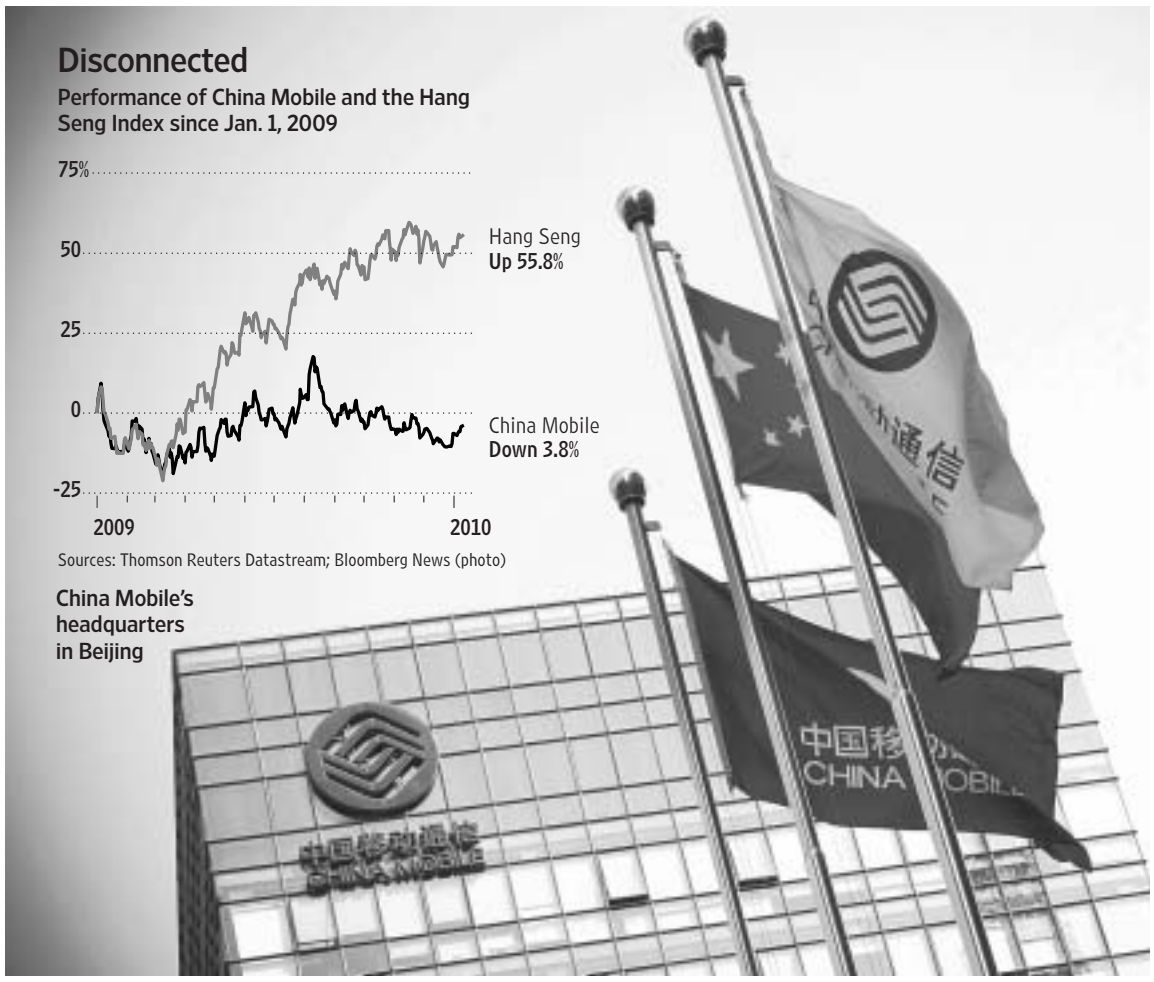
"We expect new business initiatives, including the Mobile Market online store, mobile reading, mobile video/TV to result in an uptrend in the company's net profit for the next three years," said Mr. Lo.

Mr. Lo said China Mobile will likely report the best earnings growth in 2010 among the Chinese carriers. He forecasts China Mobile to report 3%-4% net profit growth this year, while China Telecom's 2010 net profit is likely to grow 2% and China Unicom is expected to see a 39% drop in net profit due to hefty handset subsidies and falling fixed-line revenue.

In October, China Mobile said its net profit for the nine months ended Sept. 30 edged up 1.8% to 83.94 billion yuan. Revenue increased 8.9% to 326.98 billion yuan.

Analysts cited other factors likely to boost the share price: China Mobile's coming mainland listing and the likelihood that it may raise its dividend payout ratio.

"Cash is piling up and there is pressure from investors to pay out more," CLSA analyst Elinor Leung said in a recent report. "We believe China Mobile will remain the dominant and the strongest operator especially when they migrate to [fourth-generation telecom technology], but 2010 will be a transition year for the company."



Nomura's U.S. thrust

By Amy Or

HONG KONG—**Nomura Holdings** Inc. appointed Glenn Schiffman the new head of investment banking for the Americas, its latest move to bulk up its U.S. operations.

Colin Banfield, head of mergers & acquisitions for Asia ex-Japan, and Patrick Schmitz-Morkramer, head of investment banking for Germany and Austria, will jointly take over Mr. Schiffman's responsibilities, in Asia, where he has been head of investment banking for Asia excluding Japan, the bank said.

Mr. Schiffman, 40 years old, begins his new job on Feb. 1, as the Japanese bank moves to replicate its growth in Asia and Europe in the past year. In Sept. 2008, Nomura took over the Asian and European operations of Lehman Brothers Holdings Inc. The U.S. businesses were bought by Barclays PLC. Messrs. Schiffman, Banfield and Schmitz-Morkramer are all former Lehman bankers.

Nomura's Americas operation has increased its staff to 1,300, from 800 before the onset of the financial crisis, and is should have 1,600 by the end of its fiscal year March 31.

With integration of Lehman Brothers' Asian and European assets mostly done, the Japanese bank aims to be one of the top five global banks within five years.

For Brazilian stocks, a hard act to follow

By Rogerio Jelmayer

For a country that struck Olympic gold last year, with Rio de Janeiro named host for the 2016 Games, anything less than a top-scoring market would be something of a disappointment.

But, after its stock market notched stratospheric gains in 2009, Brazil has a high bar to live up to. Brazilian stocks are poised for another advance in the first quarter of 2010. Thereafter, the road to market gains will likely have some hurdles.

"I believe the first quarter will see more gains, fueled by the positive outlook for the Brazilian economy and solid earnings by local companies," said Alvaro Bandeira, director of Agora Senior, Brazil's largest brokerage.

"The second half of the year will likely see interest-rate hikes here in Brazil, as well as other countries," Mr. Bandeira said. "We will also see the end of stimulus packages in countries world-wide."

Brazil's benchmark iBovespa stock index rose 83% in 2009 to 68588.41, ranking second in South America and fourth world-wide among major markets in terms of percentage-point return.

Mr. Bandeira expects Brazil's benchmark to close 2010 at the 82000 level. That would represent a gain of nearly 20% for the year but still far off the 2009's pace.

Brazil shrugged off the worst effects of the world economic slowdown in 2009, thanks to the buoyancy and size of its domestic market, along with tax breaks for durable goods and measures easing consumer and business credit. Economists expect Brazilian gross domestic product to expand at least 5% in 2010.

In 2009, the Brazilian central bank cut its Selic base interest rate five percentage points to its current historic low of 8.75%, helping bolster the economic recovery. The cuts also pushed investments out of fixed-income accounts and into stocks.

But rapid economic growth in 2010 could see rekindled inflation, forcing the to raise rates. In last week's survey of economists by the central bank, the experts predicted a rise in the Selic rate to 10.75% by year's end.

"We think the first half of 2010 will see gains, but then we're going to have some volatility," said Paulo Petrassi, an analyst at the local Leme investment fund. "Countries everywhere are going to end stimulus measures. If there is another recession, Brazil will not be as well prepared for it as it was the last time around."

Nevertheless, the overall mood is one of guarded optimism. Analysts are especially enamored of companies linked to domestic consumer demand because of the bullish forecasts for the local economy.

AFP/Getty Images

Brazil's big 2009 included winning a bid to host the 2016 Olympics in Rio de Janeiro. Here, joy on Rio's Copacabana Beach.

"As we saw last year, companies linked to domestic consumption tend to be good players," said Jason Vieira, an economist at São Paulo's UPTrend consulting group.

That would be good news for major retailers such as **Pão de Açúcar** and **Renner**. Also, some analysts like real-estate developers such as **Cyrela** and **Gafisa**, which could do well if an expected building boom develops.

Steel makers such as **Gerdau** will benefit from a rise in infrastructure investments ahead of the 2014 World Soccer Cup, hosted by Brazil, and the 2016 Olympics.

Overall for 2009, BM&FBovespa, the Brazilian stock exchange, said it registered a record net inflow of 20.45 billion Brazilian reais ($11.84 billion) from foreign investors in 2009. The previous record was set in 2003, when net inflow from foreign investors totaled 7.5 billion reais. In 2008, by comparison, the exchange had a net outflow of 24.6 billion reais.

According to analysts, a recovery in commodity prices and the resilience of the Brazilian economy in facing the global crisis attracted foreign investors to the local stock market. Bovespa reported that the total market value of the 385 companies listed on the local exchange reached 2.3 trillion reais last year. In 2008, the exchange had 392 listed companies with a market value of 1.37 trillion reais.

FSB head warns banks

Complacency can be a problem; 'substantial fragilities' remain

By Nina Koeppen

BASEL, Switzerland—The head of the Financial Stability Board warned banks against complacency and backed proposals that would toughen capital requirements as part of a global-banking-industry overhaul.

Mario Draghi, chairman of the FSB and governor of the Bank of Italy, said banks ran the risk of of overrating the strength of the economic recovery and recklessly returning to dangerous old habits even as "substantial fragilities" remained in the system.

"The general situation is much better than we could have expected a year ago but, at the same time, it is not as good as the market thinks it is," Mr. Draghi said at a news briefing Saturday night after the group's biannual plenary meeting.

Moreover, he said, banks must pay more attention to compensation practices with an aim toward ensuring that pay policies don't encourage dangerous speculation. Those comments come as banks prepare to announce large bonuses for staff following a year of surprisingly strong performance.

The FSB, headquartered at the Bank for International Settlements in Basel, has been tasked by the Group of 20 industrial and developing nations to monitor reform efforts in the financial system.

The FSB will update G-20 finance ministers gathering in Canada in June.

Mr. Draghi said the FSB also backed the timing and direction of the Basel Committee's recent proposals to toughen bank capital and liquidity rules.

Bloomberg News

Mario Draghi cautioned against pay policies that encourage speculation.

The Basel Committee on Banking Supervision acts as a global forum on banking oversight. The new rules have a target implementation of 2012.

In stressing the fragility of the recovering financial system, Mr. Draghi noted the high levels of financing that governments will require in the years ahead.

"This, combined with changes in the markets' perception of sovereign risk, is by itself causing a significant fragility and might cause in the end some crowding out of private financing," Mr. Draghi said.

He also said the FSB discussed the treatment of important financial institutions during a crisis, also known as the "too big to fail" problem.

Although this work is being taken forward as "high priority," the FSB won't list the names of the institutions concerned soon, he said.

As expected, the FSB also Saturday published a framework to strengthen adherence to international financial standards that encourages members "to lead by example."

The FSB's meeting Saturday came ahead of regular gatherings of global central bankers and financiers at the BIS in Basel later in the weekend and Monday.

Junk-bond rally keeps rolling

By Kate Haywood And Anusha Shrivastava

The junk-bond market kicked off 2010 with the same ferocity with which it ended 2009, boasting its busiest start to a year in terms of supply since 2005.

There was $2.37 billion in issuance in the first week, according to Dealogic.

The burst came even as four high-yield borrowers defaulted on their debt, a pace that rivals last year's record rate.

Investors weren't fazed by the defaults because they, like the credit-ratings firms, see better times ahead, citing easier refinancing conditions and an improving economy.

In a continuing display of confidence, retail cash inflows to high-yield mutual funds and exchange-traded funds totaled $288 million in the week ended Jan. 6, according to Lipper FMI, extending the positive streak to 20 weeks, for a total of $5.85 billion over this period.

"The question is whether the four defaults is an aberration," said Martin Fridson, chief executive of Fridson Investment Advisors. "I kind of think it is."

Four defaults a week implies an annualized default rate of about 9.5%, he calculated, "but the way the market is trading is telling us that the default rate isn't going to get anywhere near to that. There aren't enough companies that are that close to the edge in the market's view."

Margie Patel, a senior portfolio manager at Evergreen Investments, said the outlook for the debt of industrials and materials and container companies is "compelling," even though they did well last year as the economy was just starting to show signs of improvement.

"They are more economically sensitive, so as the economy picks up, they will see a more cyclical rebound in earnings," she said.

Even the weakest junk bonds, as a group, are recovering.

The average risk premium above risk-free Treasurys that investors demand to buy such triple-C-rated debt fell last week to 9.17 percentage points, according to Bank of America Merrill Lynch index data. That is far from the peak of 44.29 percentage points on Dec. 15, 2008.

"Pressure on corporate credit quality continued to ease in 2009 with downgrades steadily retreating quarter over quarter," said Mariarosa Verde, managing director of Fitch Credit Market Research.

"While upgrades are still limited," she said, "encouraging economic data and a return to more normal credit-market activity has caused spreads to tighten to summer 2008 levels, a reflection of the market's improved risk appetite and confidence."

Fitch expects the default rate on junk bonds to decline to between 6% and 7% by the end of the year, roughly in line with a 6.9% rate that Standard & Poor's Ratings Services has forecast for the end of the third quarter. Moody's Investors Service is even more optimistic, anticipating a 4.3% default rate. That would be close to the long-term average and considerably lower than the rate last year.

S&P said it calculated the default rate at 10.9% in 2009, including companies that either stopped making payments altogether or succeeded in arranging distressed-debt swaps.

Under such exchanges, investors swap old securities for new ones that often have a lower value, different rates or longer maturity terms.

Investors consent to such exchanges because they bet they will fare better under the deal than if the company files for bankruptcy.

Companies engage in distressed exchanges to lower their debt and interest payments, often in a bid to avoid the bankruptcy courts.

Distressed exchanges were the leading cause of defaults last year, S&P said.

Using that definition, S&P said 265 companies—most rated below investment grade, or junk—defaulted on bonds in 2009. That was the highest yearly total on record since S&P started tracking the statistic in 1981.

Coincidentally, the default record was set in the same year that companies set a record for issuing new bonds. Investment-grade corporate borrowers sold more than $1 trillion of bonds in 2009, according to data provider Dealogic, the first time issuers broached that level.

Banks' lending to funds is back at precrisis level

By Gregory Zuckerman And Jenny Strasburg

Banks are boosting their lending to hedge funds and private-equity firms to levels unseen since before the financial crisis, raising their risk levels and adding fuel to the buying power of key players across the stock, debt and buyout markets.

HEDGE FUNDS

Banks and investment banks, including **Citigroup** Inc., **Bank of America** Corp., **J.P. Morgan Chase** & Co. and **Morgan Stanley** are offering levels of borrowing—known as leverage—that they haven't provided in more than two years, according to people familiar with the banks and funds.

Borrowing terms also are easing, though not to the extent witnessed several years ago.

"You'll see some funds start to crank up leverage this year," says Jon Hitchon, Deutsche Bank's co-head of global prime finance. The bank this year plans to make more leverage available to these investors, he says. It is generally "a pretty straightforward business."

Citigroup's lending to funds is up about 10% in recent months, though lending to larger funds has grown a bit more, according to a person familiar with the matter.

While leverage injects risk into the financial system, borrowed money has always been an essential lubricant to both the economy and the Wall Street money-making machine.

By borrowing, hedge funds can amplify their bets on stocks, bonds and other securities. The leverage can boost gains if the wagers pay off but can prove costly if they sour. Private-equity firms generally borrow money to take publicly traded firms private.

The eagerness to lend to investors comes as some of these banks, such as large U.S. institutions that received billions in federal government aid, have weathered criticism for failing to lend more to consumers and businesses.

Banks say lending to hedge funds and private-equity firms can be more lucrative and potentially safer than lending to businesses and consumers. The collateral that hedge funds provide, such as stocks and bonds, can often be sold quickly if a fund falls into trouble, bankers say. They say they are already sitting on ample amounts of consumer and business loans, but lending to funds was cut sharply last year.

"Capital-markets lending is the only way to make high-probable profits for the next year. Lending to Main Street through home equity and credit cards is off because there's 10% unemployment," says David Hendler, an analyst at CreditSights Inc.

Lending to hedge funds also can generate other revenue for the banks, such as trading commissions. Many hedge funds and private-equity firms managed to avoid debilitating losses in 2009, making them relatively good credits, bankers argue. Some banks note that their margin requirements—the collateral that they require investors to post—are higher than a few years ago.

But there are risks for both sides. In the heart of the financial crisis, banks rushed to raise borrowing requirements for most funds, for fear they would fold and leave the banks with losses. About 16% of hedge funds closed down in 2009, a record number.

Fear that bankers could quickly lose their newfound enthusiasm for loans has some funds wary of taking on debt.

If the market turns, "lenders will give very little notice before they raise rates, and cut credit lines," says Dan Castro of Huxley Capital Management, which manages hedge funds and other investment vehicles. Mr. Castro says that his firm is considering adding some leverage to increase its investments in "selected" areas.

Use of leverage varies widely among hedge funds. Many funds are back to using margin loans and other types of financing equal to two or three times the capital they are investing, effectively doubling or tripling their bets, as was typical before the financial crisis, prime brokerage executives say.

The level of risk they are taking on as a result depends on the type of bets they are making, ranging from straightforward long equity positions to short selling of stocks and buying of complex derivative instruments.

Manchester United kicks off $801.4 million, 7-year bond sale

By Ainsley Thomson

LONDON--U.K. Premier League soccer club Manchester United has launched a £500 million ($801.4 million), seven-year high-yield bond that will be used to refinance existing debt, banks working on the deal said Monday.

J. P. Morgan Chase Co., **Bank of America Merrill Lynch**, **Deutsche Bank** AG, **Goldman Sachs Group** Inc., **Royal Bank of Scotland Group** PLC and KKR Financial are joint-lead managers on the deal.

The senior, secured bond will be issued by the club's subsidiary, MU Finance PLC. The deal is expected to be priced toward the end of next week. Investor meetings will be held in Asia Monday and Tuesday, in Europe from Wednesday through Monday, and in the U.S. for a week from Jan. 19.

Manchester United has £700 million of debt, incurred in 2005 when U.S. entrepreneur Malcolm Glazer and his family bought the club in a £790 million leveraged buyout. Financial results released by the club Monday showed Manchester United still owes £509.5 million in secured bank loans.

People familiar with the matter have previously told Dow Jones Newswires that the bond issue will pay off senior bank debt first and, depending on the size of the issue, also repay some of the club's £135 million payment-in-kind debt, which carries an interest rate of 14.25%. Payment-in-kind debt involves the payment of interest via the issuance of new debt, rather than in cash.

—Associated Press contributed to this article.

IPO's star power: only on screen?

Film Department's planned listing is weighed by auditor's doubts, untested underwriter

By Lynn Cowan

A new movie company has generated Hollywood credibility with films starring Jamie Foxx and Catherine Zeta-Jones, but Wall Street may prove to be a tougher audience.

Film Department Holdings Inc. wants to raise as much as $100 million via an initial public offering of stock that could take place early next month. There are two potential bloopers in its prospectus: Its independent auditor has raised substantial doubts about its ability to stay in business, and it has been unable to line up a marquee-name investment bank to underwrite the deal.

"This is way out on the bell curve in terms of what investors want," said David Menlow, president of analysis firm IPOfinancial.com. "It's like a salmon swimming against a tsunami."

The company's financial hurdles contrast with its ability to generate ticket sales from moderate-budget films featuring well-known stars. Since it was formed in May 2007, Film Department has completed the romantic comedy "The Rebound," starring Ms. Zeta-Jones, and "Law Abiding Citizen," a thriller starring Mr. Foxx and Gerard Butler.

"The Rebound" has racked up overseas sales equal to 91% of the film's $17 million net budget, but its domestic rights remain unsold; "Law Abiding Citizen" generated more than $70 million in its first six weeks of release at the North American box office in late 2009, easily topping its $45 million budget ahead of any international sales.

But before either film began turning in box-office receipts in the second half of 2009, the company had burned through cash like celluloid stuck in a hot projector.

The third quarter was the first time it generated any revenue from its movies, but not nearly enough to cover its film costs and operating expenses in the first nine months of the year. It was unable to pay a scheduled quarterly interest payment in June and was unable to fully fund a required reserve account for a senior credit facility by the end of August.

Overture Films/Everett Collection

Stars of "Law Abiding Citizen," Jamie Foxx, left, and Gerard Butler. The film's makers plan a February IPO.

Those two events helped nudge its auditor toward issuing a "going concern" statement—a declaration that the company might not be able to stay in business—that has been the accounting kiss of death for many a young company hoping to go public.

Film Department declined to comment Friday.

The share offering will be underwritten by IPO Solutions, a new underwriting operation run by broker-dealer **Girard Securities** Inc. Film Department will be its first IPO. In a break with traditional marketing methods, IPO Solutions plans to allocate shares primarily to individual investors through an online system; most offerings are marketed to large institutional investors.

IPO Solutions founder Mike Witherill declined to discuss Film Department's offering, but said investors should view IPO Solutions as an innovator capable of managing a public equity raising. "We are highly confident in our ability to underwrite deals in general," Mr. Witherill said. "I think we offer a unique investment-banking solution."

When Film Department was formed, its business plan was to put out four to six movies a year.

But it ground through more than two years of overhead expenses to turn out just two films, with a third, "Earthbound," starring Kate Hudson, scheduled to begin production this month.

The company was founded by former Warner Independent Pictures President Mark Gill, and Neil Sacker, whose résumé includes stints as a legal affairs executive with Miramax and Warner Bros. Neither could have anticipated the Writer's Guild strike in 2007 and 2008 or the threat of an actors' strike in 2008, which affected production schedules and costs.

The global credit crisis and economic downturn that hit in 2008 also had an effect, according to the company's prospectus: There were more upfront film-production expenses and lower international licensing fees than anticipated.

Film Department isn't alone in its struggles. Several studios' independent divisions have been shut down or scaled back.

"You could make the argument that when people invest in films, it's like investing in a professional sports enterprise," said George Van Horn, a senior analyst at IBISWorld. "People find the industry intriguing and exciting, although not necessarily one that is risk-free."

Copper rises on strong China trade data

By Andrea Hotter

LONDON—Commodities prices are pushing higher once more Monday, with a surge in Chinese import growth catching markets off-guard and demonstrating the country's still-voracious appetite for raw materials.

The prices of key commodities, such as copper and oil, are firmer after China proved it retains the mantle of the world's largest consumer of commodities. China's December exports grew nearly 18% on the year, while imports surged almost 56% on the year, both higher than expected.

COMMODITY MARKETS

The rally in commodities comes as Friday's disappointing U.S. payrolls data for December have been largely forgotten.

Meanwhile, selling as part of the looming annual commodity-index reweightings is being soaked up in the renewed environment of rising risk appetite. The index reweightings are annual adjustments to allocations to individual commodities that take place to account for the changes in their value during the past year.

Agence France-Presse

China imported more than five million barrels a day of crude oil in December.

In recent London Metal Exchange trading activity, copper was up $179 a metric ton, or 2.4%, from Friday's close, at $7,640 a ton, a 17-month high. Earlier, the market hit $7,705 a ton. The front-month January futures contract on the New York Mercantile Exchange was up 6.3 cents to $3.45 a pound.

Light, sweet crude for February delivery was down nine cents, or 0.1%, at $82.66 a barrel on Nymex in late morning trade. The contract had reached as high as $83.95 during the day, buoyed by record crude import demand into China in December.

The January contract for gold futures was up 1.8% at $1,158.20 in late morning trade in New York, in reaction to a weaker dollar and general commodity strength.

Having tapered off modestly toward the end of last year, commodities prices have been climbing again amid signs of a global economic rebound and the belief that a recovery will fuel demand for a broad range of raw materials. As China becomes an even greater consumer of raw materials, it is playing a key role at the heart of that buoyant demand.

While the volume of imports to China of some commodities, such as iron ore, soybeans and crude oil, are at or near record levels, traders said the volume of imports of other commodities was higher because of the low base a year ago.

Exports from China have been strengthening on an underlying basis for the past six months, but inventory building was anecdotally to blame. For copper, used in housing and construction, RBS Sempra estimates 1.1 million tons of refined copper accumulated in China between the third quarter of 2008 and the third quarter of 2009.

But the magnitude of December's increase suggests that there is now more than inventory building taking place and that export growth will accelerate further in the first quarter, RBS's Ben Simpfendorfer said.

Private-equity exits are seen dominating IPOs in 2010

By Lynn Cowan

Private-equity-owned companies are expected to dominate the IPO landscape this year, thanks to improving stock prices and pent-up demand among funds wanting to exit from their investments.

With companies like gun maker **Freedom Group** Inc., online investment adviser **Financial Engines** Inc., and automated customer-service call provider **West Corp.** already on file to do initial public offerings, bankers say there is still room for other private-equity-backed companies to launch deals.

Funds run by **Cerberus Capital Management** LP, **Blackstone Group** LP and **Bain Capital** Inc. have a stockpile of companies they purchased in recent years that were essentially put into the freezer during the stock-market downturn that began in 2008, when few mergers or acquisitions were being conducted and IPO issuance withered.

As stocks rose in 2009, more private-equity shops decided the time was ripe to prep for public offerings, with a rise in such filings occurring after Labor Day.

"The private-equity bear has been asleep for a long time, and now it's waking up with a vengeance. The huge number of investments that have been made over the last seven years is being revalued based on the market's rally," says William B. Buchanan Jr., chief executive of Lazard Capital Markets

The percentage of U.S. IPOs that were "sponsor-backed"—that is, private-equity- or venture-capital-owned companies—rose to 52% in 2009, up from 22% in 2008, according to Dealogic.

That is the highest level since the data-tracker began compiling IPO statistics in 1995.

The majority of those sponsor deals, more than two-thirds, were private-equity-backed.

Most of that activity occurred during the final three months of the year, when private-equity firms stepped back into the new-issuance market after sitting out the volatile months of 2008 and early 2009.

Every one of the six deals that priced in December were sponsor-backed.

There are currently about two dozen sponsor-backed offerings awaiting debuts in the U.S.

Private equity hasn't traditionally been as big a driver of new-stock issuance outside of the U.S.

Such deals haven't ever reached more than 13% of global deal numbers in a given year, by Dealogic's reckoning.

But bankers expect some pickup in Europe in 2010, based on past private-equity investment patterns.

"Financial sponsors have been very active buyers in Europe in recent years, and they've watched the equity markets revert back to a semblance of normalcy," says Viswas Raghavan, head of international capital markets at **J.P. Morgan Chase** & Co.

"Also, valuations have trended back to more decent levels over the last few months. The IRRs on their investments are beginning to look respectable again, so potential exits and distributions to their investors are back on the cards," Mr. Raghavan says.

MARKETS

Syria woos investors from U.S., Asia

Wall Street deal makers explore opportunities as former pariah state seeks funds for infrastructure projects

By Joanna Slater

As Syria emerges from its diplomatic isolation, it is receiving emissaries from a surprising locale: Wall Street.

Late last year, a group of big-name investors—including Bill Miller of Legg Mason Capital Management and Barton Biggs, managing partner of Traxis Partners, a New York hedge fund—spent a week in Syria and Lebanon. They met with top political leaders and local businesspeople and were fêted with elaborate dinners with the cream of society.

Traveling to far-flung corners of the world to get an early look at promising markets has long been a staple of global investing. But Syria—until recently a pariah state in the eyes of the U.S.—proved irresistible, drawing an unusual array of money managers.

Long isolated from international finance, Syria is one of the last investment frontiers. It has a sizable economy, an educated populace and, lately, a new degree of openness to foreign investment.

"This was not a group of naïve investors, and [I] have to say it opened all our eyes," said Steven Galbraith, a partner at Maverick Capital, a $11 billion hedge fund.

Half of his friends thought he was crazy for going, Mr. Galbraith said; the other half wondered why they weren't invited.

Spearheaded by Mr. Biggs and Wafic Said, a wealthy Syrian-born industrialist who lives in Europe, the trip drew money managers from Citigroup, Morgan Stanley and a number of hedge funds; a senior executive from Temasek Holdings, Singapore's state-owned investment arm; and a strategist from the Abu Dhabi Investment Authority, one of the world's largest sovereign-wealth funds.

The scouting mission came amid efforts by the Syrian government to open the country to foreign investment and signals from the U.S. that it will rebuild diplomatic ties.

At the top of Syria's agenda: bringing in private capital to collaborate on infrastructure projects.

Some other steps under discussion, according to those who traveled there, include a potential bond offering by the country on international markets, and the creation of an investment fund aimed at attracting foreign capital.

The U.S. withdrew its highest diplomat in 2005 to protest the assassination of the then-prime minister of Lebanon, which many blamed on Syria. (It denies any involvement.)

Many hurdles remain.

Syria still faces sanctions from the U.S., including a ban on receiving nearly all U.S. exports.

For the investors who traveled there, Syria was an economic and technological throwback: a place where their BlackBerry devices didn't work and where only 12 companies are listed on the stock exchange, which trades less than 10 hours a week.

South of Turkey and west of Iraq, Syria is a little larger than North Dakota but has a population of about 20 million.

Its economic output, based around energy and agriculture, is estimated to touch $61 billion this year, according to the International Monetary Fund.

Several investors said Syria reminded them of former Eastern bloc countries like Poland, Hungary and then-Czechoslovakia just after the collapse of the Soviet Union.

"It's super-early days," said one investor with decades of experience in emerging markets who was part of the group. "There's very little to do there, but there will be."

One early dividend from the trip is a change in perception.

While some presentations by government officials were "pretty pathetic," Mr. Biggs said, the group came away with the opposite impression of Syria's president, Bashar Assad, and its deputy prime minister for economic affairs, Abdullah Dardari.

Mr. Assad provided direct and open answers to their questions, the investors said, and talked about the need to raise incomes, build infrastructure and ease the government's grip on the economy.

This was "a fairly cynical group," Mr. Biggs said. But "he blew them away."

Before arriving in Damascus, the group spent four days in Lebanon, where they met with the country's new prime minister, Saad Hariri, the head of the central bank, and several heads of local banks.

Unlike Syria, Lebanon is a comparatively open and sophisticated market, despite its troubled history.

Some parts of Beirut feel like Miami's glamorous South Beach, said Mr. Galbraith, while other buildings are still scarred by mortar blasts from the country's civil war.

And Lebanon's banks, while small by international standards, could represent interesting opportunities.

Axiom/ZUMApress.com)

Traxis Partners' Barton Biggs at his office in New York. Mr. Biggs explored opportunities in Syria, above, as the country seeks investment.

Citi replaces its chief of retail banking in U.S.

By Matthias Rieker And Kevin Kingsbury

NEW YORK—Teresa Dial is out as head of **Citigroup** Inc.'s retail banking in North America, and her replacement by one of the bank's most respected international bankers underlines Citi's success abroad and struggle at home.

Ms. Dial was Chief Executive Vikram Pandit's first outside executive hire after he took over the struggling bank in late 2007. But during his first major investor conference in May 2008, he put another executive, Manuel Medina-Mora, chairman and CEO of Citi Latin America and Mexico, in the spotlight. "I believe Manuel, in many ways, embodies what we mean by the universal bank.... He has successfully executed on this model. We're going to translate that around the world," Mr. Pandit said at the time.

On Monday, Mr. Medina-Mora got Ms. Dial's job, in addition to his position as head of Citi's successful and strategically important Latin American consumer- and commercial-banking businesses. His title is now CEO of Citi Consumer Banking for the Americas. With the appointment, he will oversee the retail branch network, the Citi-branded credit- and debit-card business, and the local commercial bank in the Americas.

Ms. Dial was unavailable for comment, her assistant said. Citi said in a news release Monday that under Ms. Dial's tenure, profitability of its U.S. retail bank "improved through the acceleration of deposit growth, improvement in cross-sell metrics, and a reduction of expenses." The bank said Ms. Dial left for "personal reasons" and will become a senior adviser.

Ms. Dial, a former retail banker with **Wells Fargo** & Co. and **Lloyds Banking Group** PLC, failed to publicly articulate a strategy for Citi and led the business during a time when the banking strategy veered from massive expansion in its failed attempt to buy **Wachovia** Corp. to sheer survival.

In many countries, Citi is a bank for the wealthy; in the U.S. it was a mass-market player. The financial crisis forced a movement toward fewer, affluent consumers and toward aligning retail with business banking.

Mr. Medina-Mora will be chairman of Citi's newly formed Consumer Council, at which he will be responsible for Citi's global consumer strategy and work closely with all regional CEOs—a role that was created for Ms. Dial when she joined Citi.

Virgin to buy British lender

By Marietta Cauchi And Digby Larner

Entrepreneur Richard Branson has taken a step into U.K. retail banking as his Virgin Money business, part of **Virgin Group**, agreed to buy regional lender Church House Trust in a deal worth £12.28 million ($19.7 million).

Virgin is one of a number of companies that see opportunities for entrants in the U.K. banking sector after the financial crisis left many of the traditional players with tarnished reputations.

Virgin Money has been keen to set up a small bank that it can grow organically and through acquisitions since Mr. Branson tried, but failed, to take over Northern Rock, the U.K. bank that collapsed in 2007. Virgin Group was a preferred bidder for the business but was left out in the cold when the U.K. government said none of the rescue plans put forward for the bank provided taxpayers with enough guarantees. The bank was nationalized.

Last October, Virgin Money applied to the U.K. Financial Services Authority to become a bank and, at the same time, made an application to buy Church House Trust. It will likely use its new asset as a platform to expand, with its eye on several targets in the sector as it continues to restructure.

Santander eyes No. 1 position in the British banking market

By Margot Patrick And Jonathan House

LONDON—**Banco Santander** SA Chairman Emilio Botín said the Spanish bank aims to be the top bank in the U.K. and suggested it could buy more assets from troubled rivals.

At a Monday news conference to mark the official rebranding this month of 1,000 Abbey and Bradford & Bingley bank branches to the Santander name, Mr. Botín said Santander "wants to be the No. 1 bank in the U.K." Santander is already Spain's largest bank by market value.

Santander entered the U.K. market when it bought Abbey in 2004. In 2008, it added banks Alliance & Leicester and Bradford & Bingley to its U.K. operations.

About 300 Alliance & Leicester branches will be rebranded to Santander later this year.

Mr. Botín said Santander has plenty of room for organic growth in the U.K. but it would seize further opportunities "as they come up."

The comments came as **Lloyds Banking Group** PLC, **Royal Bank of Scotland Group** PLC and other rivals seek to divest swathes of their retail networks to meet European Union conditions regarding state aid they received during the financial crisis.

The U.K. government is also seeking a new owner for **Northern Rock**, the mortgage lender it nationalized two years ago.

Santander's U.K. chief executive, Antonio Horta-Osorio, said the rebranding and related advertising campaign featuring Formula One racing driver Lewis Hamilton would cost about £30 million ($48.1 million).

Also Monday, Santander launched an offer to buy back €2.51 billion ($3.62 billion) of subordinated bonds to simplify its capital structure.

In a Spanish regulatory filing, Santander said it would buy back 11 securities, many of them for small amounts and issued by units that no longer exist.

The bank said it will offer between 93% and 107.5% of the face value of the securities.

Analysts calculated the transaction would have a small financial impact on Santander.

The Lisbon-based brokerage BPI said the bank could book a €23 million capital loss if it gets 100% acceptance.

A Santander spokesman declined to comment.

The latest offer follows a much larger €16.5 billion bond buyback that the Spanish bank carried out last year.

Dollar loses ground after Chinese data

By Bradley Davis

NEW YORK—The dollar slipped further against its rivals Monday, as positive Chinese economic data contrasted with the challenging U.S. labor market, leading investors to focus on the greenback's low yield.

The depressed U.S. jobs situation means ultra-low interest rates are likely to stay around for a while, leading investors to the higher yields of the euro and commodity-backed and emerging-market currencies.

CURRENCY MARKETS

Late morning in New York, the euro was at $1.4532 from $1.4417 late Friday. The dollar was at 91.95 yen from 92.61 yen. The U.K. pound was at $1.6124 from $1.6028. The dollar was at 1.0150 Swiss francs from 1.0233 francs.

The ICE Dollar Index, which tracks the greenback against a trade-weighted basket of currencies, was at 76.873 from 77.459.

Risk sentiment was stoked overnight by Chinese trade data that showed a strong rise in exports last month: While the country's imports rose 56% over the past year, its exports were up nearly 18%. The export figure beat expectations for a 5% rise and ended 13 months of contraction. The rosy Chinese data contrast with last week's disappointing U.S. nonfarm payrolls report, which showed payrolls dropped by 85,000 in December, eclipsing the drop of 10,000 economists had predicted.

Two bonds to test Asian sentiment

By Ditas Lopez

Indonesia's government and state-owned **Indian Oil** Corp. seek to sell bonds offshore this week in deals that will gauge investor sentiment toward two of Asia's most popular emerging economies.

Jakarta, a frequent borrower in the international market, plans to sell $3 billion to $4 billion in long-term bonds. Indian Oil, seen as a proxy for the Indian government, hopes to raise $500 million in five-year bonds through its maiden offshore offering.

BOND MARKETS

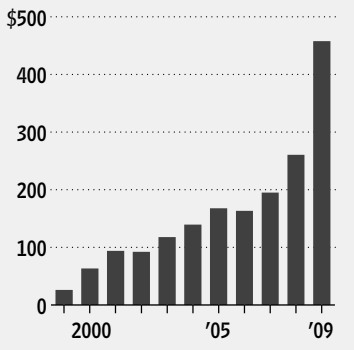
The Philippines last week tapped the market for $1.5 billon, showing that demand for debt from Asia is robust. The coming bonds are expected to go well, given the abundance of investors looking to put capital to work in emerging markets. But investors may demand a premium for both in light of lackluster secondary-market performance by the new Philippine bonds.

The pricing of the deals will provide a good indication of how strong investor interest is in each country and how keen buyers of dollar, euro and yen bonds are to get their hands on different grades of paper. Indonesia is rated two notches lower than India.

Indonesia said Monday it will sell a benchmark-size dollar bond from its global medium-term note program. People in the market say the issue may total as much as $4 billion with likely maturities of 10 years and 30 years.

Aiming high

Bond issuance in Asia, in billions of dollars



Note: Excludes Japan market
Source: Dealogic

Jakarta will probably have to pay a yield of around 6% to 6.25% for a 10-year bond, more than the 5.674% that the Philippines paid on a similar maturity, according to some investors. For a 30-year Indonesia bond, a yield of around 7.25% is likely, they said.

Coordinating Minister for the Economy Hatta Rajasa said the country also plans to sell between $750 million and $1 billion of yen-denominated bonds.

The government plans to sell a total 175 trillion rupiah ($18.99 billion) of new bonds this year, both offshore and domestically, the finance ministry has said.

Indian Oil, India's largest fuel retailer, kicked off meetings with investors on Monday. The bond could price later this week after those meetings wrap up on Wednesday.

The issue will likely be $500 million with a five-year maturity, according to people in the market.

The issue should be attractive given the rarity of Indian bonds in the international market and the company's state ownership.

Moody's Investors Service and Fitch Ratings have assigned the bond investment-grade ratings, in line with their ratings on the government.

—Farida Husna in Jakarta contributed to this article.

FUND SCORECARD

Emerging Markets Equity

Funds that invest at least 75% of equity assets in emerging markets equities. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending January 11, 2010

Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
NS	**JPM Em Mkts Small Cap A (acc)-EUR**	JPMorgan Asset Mgmt (Europe) S.a.r.l.	EUR	Luxembrg	**5.45**	153.77	-0.82	NS
NS	**Eastern European**	Pictet Fund Management S.A.	GBP	United Kingdom	**4.90**	116.31	-29.03	7.50
3	**Cahispa Emergentes Multifondo FI**	GVC Gaesco Gestión	EUR	Spain	**3.73**	116.14	-8.92	15.17
1	**AXA WF Frm Emerg Mkts Talents AC EUR**	AXA Investment Managers Paris S.A	EUR	Luxembrg	**4.41**	114.28	-12.83	NS
3	**Gaesco Emergentfondo FI**	GVC Gaesco Gestión	EUR	Spain	**3.61**	111.23	-9.98	14.53
NS	**Templeton Emerging Mkts Inv Trust ORD**	Franklin Templeton Invts	GBP	United Kingdom	**3.67**	107.77	-3.81	22.29
5	**Baillie Gifford Emerg Mkts Gr B Inc**	Baillie Gifford </td> Co Limited.	GBP	United Kingdom	**2.18**	101.57	-3.91	21.75
NS	**Carmignac Portfolio Emerging Discovery**	Carmignac Gestion	EUR	Luxembrg	**3.14**	99.29	-5.75	NS
2	**LCL Actions Emergents (Euro)**	LCL Income Properties L P I	EUR	France	**2.85**	99.13	-9.23	20.69
4	**Raiffeisen-EmergingMkts-Aktien A**	Raiffeisen Kapitalanlage-G.m.b.H.	EUR	Austria	**5.19**	97.78	-0.11	19.47

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement | INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW the relaxed way to invest									
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	01/07	EUR	55.13	0.9	12.6	-26.8
AllianceBernstein									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	01/08	USD	10.71	3.3	29.5	-11.3
Am Eq Blend B	US	EQ	LUX	01/08	USD	10.06	3.2	28.3	-12.1
Am Growth A	US	EQ	LUX	01/08	USD	32.00	2.4	38.1	-2.4
Am Growth AX	US	EQ	LUX	01/08	USD	34.54	2.4	38.9	-1.8
Am Growth B	US	EQ	LUX	01/08	USD	26.90	2.4	36.8	-3.3
Am Growth C	US	EQ	LUX	01/08	USD	28.95	2.4	37.5	-2.7
Am Growth I	US	EQ	LUX	01/08	USD	35.47	2.5	39.2	-1.6
Am Income A	US	BD	LUX	01/08	USD	8.50	0.8	24.3	5.6
Am Income A2	US	BD	LUX	01/08	USD	19.23	1.0	24.3	5.6
Am Income A2	OT	OT	NA	01/08	HKD	149.14	1.0	NS	NS
Am Income AT	OT	OT	NA	01/08	HKD	65.92	1.1	NS	NS
Am Income AT	US	BD	LUX	01/08	USD	8.50	1.1	24.5	5.7
Am Income B	US	BD	LUX	01/08	USD	8.50	0.8	23.3	4.8
Am Income B2	US	BD	LUX	01/08	USD	16.57	1.0	23.5	4.9
Am Income B2	OT	OT	NA	01/08	HKD	128.51	1.0	NS	NS
Am Income BT	OT	OT	NA	01/08	HKD	66.23	1.0	NS	NS
Am Income BT	US	BD	LUX	01/08	USD	8.54	0.9	23.4	4.9
Am Income C	US	BD	LUX	01/08	USD	8.50	0.8	23.7	5.1
Am Income C2	US	BD	LUX	01/08	USD	24.65	1.0	23.8	5.2
Am Income I	US	BD	LUX	01/08	USD	8.50	0.8	25.1	6.3
Am Value A	US	EQ	LUX	01/08	USD	8.73	2.3	18.0	-11.6
Am Value B	US	EQ	LUX	01/08	USD	8.04	2.4	16.9	-12.5
Am Value C	US	EQ	LUX	01/08	USD	8.73	2.3	17.3	-12.0
Am Value I	US	EQ	LUX	01/08	USD	9.40	2.4	19.0	-10.9
Emg Mkts Debt A	GL	BD	LUX	01/08	USD	15.72	1.0	44.3	8.0
Emg Mkts Debt A2	GL	BD	LUX	01/08	USD	20.35	1.2	44.5	8.1
Emg Mkts Debt AT	GL	BD	LUX	01/08	USD	15.79	1.2	44.6	8.1
Emg Mkts Debt B	GL	BD	LUX	01/08	USD	15.72	1.0	42.9	7.0
Emg Mkts Debt B2	GL	BD	LUX	01/08	USD	19.59	1.2	43.1	7.0
Emg Mkts Debt BT	GL	BD	LUX	01/08	USD	15.77	1.2	43.1	7.0
Emg Mkts Debt C	GL	BD	LUX	01/08	USD	15.72	1.0	43.6	7.5
Emg Mkts Debt C2	GL	BD	LUX	01/08	USD	19.99	1.2	43.8	7.6
Emg Mkts Debt I	GL	BD	LUX	01/08	USD	15.72	1.0	45.0	8.6
Emg Mkts Growth A	GL	EQ	LUX	01/08	USD	35.77	3.2	76.3	-10.8
Emg Mkts Growth B	GL	EQ	LUX	01/08	USD	30.31	3.2	74.5	-11.7
Emg Mkts Growth C	GL	EQ	LUX	01/08	USD	31.00	3.2	75.4	-11.2
Emg Mkts Growth I	GL	EQ	LUX	01/08	USD	39.66	3.3	77.7	-10.1
Eur Growth A	OT	OT	LUX	01/08	USD	10.39	2.6	23.7	-15.0
Eur Growth A	OT	OT	LUX	01/08	EUR	7.21	2.6	23.7	-15.0
Eur Growth B	OT	OT	LUX	01/08	EUR	6.49	2.7	22.7	-15.8
Eur Growth B	OT	OT	LUX	01/08	USD	9.35	2.7	22.7	-15.8
Eur Growth C	EU	EQ	LUX	01/08	EUR	5.46	2.4	23.0	-15.4
Eur Growth I	OT	OT	LUX	01/08	USD	11.34	2.6	24.7	-14.3
Eur Growth I	OT	OT	LUX	01/08	EUR	7.87	2.6	24.7	-14.3
Eur Income A	OT	OT	LUX	01/08	EUR	6.72	1.8	39.5	4.8
Eur Income A	OT	OT	LUX	01/08	USD	9.68	1.8	39.5	4.8
Eur Income A2	OT	OT	LUX	01/08	EUR	13.12	1.9	39.4	4.8
Eur Income A2	OT	OT	LUX	01/08	USD	18.91	1.9	39.4	4.8
Eur Income AT	EU	BD	LUX	01/08	EUR	6.72	2.1	39.5	4.9
Eur Income B	OT	OT	LUX	01/08	EUR	6.72	1.8	38.6	4.0
Eur Income B	OT	OT	LUX	01/08	USD	9.68	1.8	38.6	4.0
Eur Income B2	OT	OT	LUX	01/08	EUR	12.20	1.9	38.3	4.0
Eur Income B2	OT	OT	LUX	01/08	USD	17.58	1.9	38.3	4.0
Eur Income BT	EU	BD	LUX	01/08	EUR	6.72	2.0	38.6	4.1
Eur Income C	OT	OT	LUX	01/08	EUR	6.72	1.8	38.9	4.3
Eur Income C	OT	OT	LUX	01/08	USD	9.68	1.8	38.9	4.3
Eur Income C2	OT	OT	LUX	01/08	EUR	13.08	1.9	38.9	4.3
Eur Income C2	OT	OT	LUX	01/08	USD	18.85	1.9	38.9	4.3
Eur Income I	OT	OT	LUX	01/08	EUR	6.72	1.8	40.1	5.3
Eur Income I	OT	OT	LUX	01/08	USD	9.68	1.8	40.1	5.3
Eur Strat Value A	OT	OT	LUX	01/08	EUR	8.71	2.1	20.6	-18.7
Eur Strat Value A	OT	OT	LUX	01/08	USD	12.55	2.1	20.6	-18.7
Eur Strat Value I	OT	OT	LUX	01/08	EUR	8.92	2.1	21.7	-18.0
Eur Strat Value I	OT	OT	LUX	01/08	USD	12.85	2.1	21.7	-18.0
Eur Value A	OT	OT	LUX	01/08	EUR	9.37	1.8	23.5	-15.6
Eur Value A	OT	OT	LUX	01/08	USD	13.50	1.8	23.5	-15.6
Eur Value B	OT	OT	LUX	01/08	USD	12.41	1.8	22.1	-16.5
Eur Value B	OT	OT	LUX	01/08	EUR	8.61	1.8	22.1	-16.5
Eur Value C	OT	OT	LUX	01/08	USD	13.04	1.8	22.6	-16.1
Eur Value C	OT	OT	LUX	01/08	EUR	9.05	1.8	22.6	-16.1
Eur Value I	OT	OT	LUX	01/08	USD	15.59	1.9	24.4	-15.0
Eur Value I	OT	OT	LUX	01/08	EUR	10.82	1.9	24.4	-15.0
Gl Balanced (Euro) A	OT	OT	LUX	01/08	USD	16.85	1.9	21.5	-9.2
Gl Balanced (Euro) B	OT	OT	LUX	01/08	USD	16.40	1.9	20.2	-10.1
Gl Balanced (Euro) C	OT	OT	LUX	01/08	USD	16.72	1.9	21.2	-9.4
Gl Balanced (Euro) I	OT	OT	LUX	01/08	USD	17.16	2.0	NS	NS
Gl Balanced A	US	BA	LUX	01/08	USD	16.83	2.1	24.9	-8.6
Gl Balanced B	US	BA	LUX	01/08	USD	16.00	2.1	23.7	-9.5
Gl Balanced C	OT	OT	LUX	01/08	USD	16.58	2.1	24.6	-8.9
Gl Balanced C	OT	OT	LUX	01/08	EUR	11.51	2.1	24.6	-8.9
Gl Balanced I	US	BA	LUX	01/08	USD	17.46	2.2	25.9	-8.0
Gl Bond A	US	BD	LUX	01/08	USD	9.31	0.8	13.2	4.5
Gl Bond A2	US	BD	LUX	01/08	USD	16.15	0.9	13.3	4.6
Gl Bond A2	OT	OT	NA	01/08	HKD	125.26	0.9	13.3	4.6
Gl Bond AT	OT	OT	LUX	01/08	HKD	72.13	0.9	13.2	4.6
Gl Bond AT	US	BD	LUX	01/08	USD	9.30	0.9	13.2	4.6
Gl Bond B	US	BD	LUX	01/08	USD	9.31	0.8	12.1	3.5
Gl Bond B2	US	BD	LUX	01/08	USD	14.14	0.9	12.1	3.5
Gl Bond B2	OT	OT	NA	01/08	HKD	109.67	0.9	12.1	3.5
Gl Bond BT	OT	OT	LUX	01/08	HKD	72.44	0.9	12.1	3.5
Gl Bond BT	US	BD	LUX	01/08	USD	9.34	0.9	12.1	3.5
Gl Bond C	US	BD	LUX	01/08	USD	9.31	0.8	12.7	4.1
Gl Bond C2	US	BD	LUX	01/08	USD	14.01	0.9	12.7	4.1
Gl Bond I	US	BD	LUX	01/08	USD	9.31	0.8	13.8	5.1
Gl Conservative A	US	BA	LUX	01/08	USD	15.07	1.3	15.9	-3.2
Gl Conservative A2	US	BA	LUX	01/08	USD	17.15	1.3	16.6	-3.0
Gl Conservative B	US	BA	LUX	01/08	USD	15.06	1.3	15.0	-4.1
Gl Conservative B2	US	BA	LUX	01/08	USD	16.30	1.3	15.5	-3.9
Gl Conservative C	US	BA	LUX	01/08	USD	15.06	1.3	15.5	-3.6
Gl Conservative C2	US	BA	LUX	01/08	USD	16.78	1.3	16.1	-3.4
Gl Conservative I	US	BA	LUX	01/08	USD	15.14	1.3	16.8	-2.6
Gl Eq Blend A	GL	EQ	LUX	01/08	USD	12.01	3.0	31.7	-18.0
Gl Eq Blend B	GL	EQ	LUX	01/08	USD	11.27	2.9	30.4	-18.8
Gl Eq Blend C	GL	EQ	LUX	01/08	USD	11.79	2.9	31.0	-18.4
Gl Eq Blend I	GL	EQ	LUX	01/08	USD	12.67	3.0	32.8	-17.4
Gl Growth A	GL	EQ	LUX	01/08	USD	43.11	2.9	31.0	-19.1
Gl Growth B	GL	EQ	LUX	01/08	USD	35.98	2.9	29.7	-19.9
Gl Growth C	GL	EQ	LUX	01/08	USD	41.36	2.9	30.3	-19.5
Gl Growth I	GL	EQ	LUX	01/08	USD	47.88	2.9	32.0	-18.5
Gl High Yield A	US	BD	LUX	01/08	USD	4.42	2.1	58.1	5.7
Gl High Yield A2	US	BD	LUX	01/08	USD	9.48	2.4	58.3	5.7
Gl High Yield A2	OT	OT	NA	01/08	HKD	73.52	2.4	58.3	5.7
Gl High Yield AT	OT	OT	NA	01/08	HKD	34.05	2.6	58.5	5.8
Gl High Yield AT	US	BD	LUX	01/08	USD	4.39	2.6	58.5	5.8
Gl High Yield B	US	BD	LUX	01/08	USD	4.42	2.1	56.1	4.4
Gl High Yield B2	US	BD	LUX	01/08	USD	15.24	2.4	56.8	4.7
Gl High Yield B2	OT	OT	NA	01/08	HKD	118.20	2.4	56.8	4.7
Gl High Yield BT	OT	OT	NA	01/08	HKD	34.59	2.3	56.9	4.6
Gl High Yield BT	US	BD	LUX	01/08	USD	4.46	2.3	56.9	4.6
Gl High Yield C	US	BD	LUX	01/08	USD	4.42	2.1	57.2	5.1
Gl High Yield C2	US	BD	LUX	01/08	USD	14.06	2.5	57.6	5.3
Gl High Yield I	US	BD	LUX	01/08	USD	4.42	2.1	59.2	6.4
Gl Thematic Res. A	OT	OT	LUX	01/08	USD	15.32	4.0	75.5	2.1
Gl Thematic Res. B	OT	OT	LUX	01/08	USD	13.40	4.0	73.8	1.1
Gl Thematic Res. I	OT	OT	LUX	01/08	USD	17.08	4.0	76.8	2.9
Gl Value A	GL	EQ	LUX	01/08	USD	11.48	3.1	32.6	-17.0
Gl Value B	GL	EQ	LUX	01/08	USD	10.55	3.0	31.4	-17.8
Gl Value C	GL	EQ	LUX	01/08	USD	11.16	3.0	32.1	-17.4
Gl Value I	GL	EQ	LUX	01/08	USD	12.21	3.0	33.6	-16.4
Greater China A	AS	EQ	LUX	01/08	USD	41.30	3.2	64.0	-13.4
Greater China B	AS	EQ	LUX	01/08	USD	36.54	3.2	62.4	-14.3
Greater China C	AS	EQ	LUX	01/08	USD	40.77	3.2	63.3	-13.8
India Growth A	OT	OT	LUX	01/08	USD	130.31	2.7	NS	NS
India Growth AX	OT	OT	LUX	01/08	USD	113.92	2.7	89.2	-10.4
India Growth B	OT	OT	LUX	01/08	USD	136.48	2.7	NS	NS
India Growth BX	OT	OT	LUX	01/08	USD	97.35	2.7	87.3	-11.3
India Growth I	EA	EQ	LUX	01/08	USD	118.07	2.7	90.0	-10.1
Int'l Health Care A	OT	EQ	LUX	01/08	USD	138.95	1.1	19.4	-8.8
Int'l Health Care B	OT	EQ	LUX	01/08	USD	117.17	1.1	18.2	-9.7
Int'l Health Care C	OT	EQ	LUX	01/08	USD	133.15	1.1	18.8	-9.2
Int'l Health Care I	OT	EQ	LUX	01/08	USD	151.85	1.1	20.3	-8.0
Int'l Technology A	OT	EQ	LUX	01/08	USD	111.86	1.4	48.5	-6.5
Int'l Technology B	OT	EQ	LUX	01/08	USD	96.90	1.3	47.0	-7.4
Int'l Technology C	OT	EQ	LUX	01/08	USD	108.09	1.4	47.8	-6.9
Int'l Technology I	OT	EQ	LUX	01/08	USD	125.45	1.4	49.6	-5.8
Japan Eq Blend A	JP	EQ	LUX	01/08	JPY	6229.00	3.4	16.4	-18.9
Japan Eq Blend B	JP	EQ	LUX	01/08	JPY	6009.00	3.4	15.2	-19.7
Japan Eq Blend C	JP	EQ	LUX	01/08	JPY	6128.00	3.4	15.9	-19.3
Japan Growth A	JP	EQ	LUX	01/08	JPY	5999.00	2.1	10.3	-20.1
Japan Growth B	JP	EQ	LUX	01/08	JPY	5787.00	2.1	9.2	-20.9
Japan Growth C	JP	EQ	LUX	01/08	JPY	5903.00	2.1	9.8	-20.4
Japan Strat Value A	JP	EQ	LUX	01/08	JPY	6393.00	4.5	22.0	-18.3
Japan Strat Value B	JP	EQ	LUX	01/08	JPY	6173.00	4.4	20.7	-19.1
Japan Strat Value C	JP	EQ	LUX	01/08	JPY	6286.00	4.5	21.4	-18.6
Real Estate Sec. A	OT	EQ	LUX	01/08	USD	14.52	1.2	36.1	-11.4
Real Estate Sec. B	OT	EQ	LUX	01/08	USD	13.27	1.1	34.7	-12.3
Real Estate Sec. I	OT	EQ	LUX	01/08	USD	15.61	1.2	37.2	-10.6
Short Mat Dollar A	US	BD	LUX	01/08	USD	7.32	0.7	11.8	-5.5
Short Mat Dollar A2	US	BD	LUX	01/08	USD	9.86	0.7	11.7	-5.6
Short Mat Dollar AT	US	BD	LUX	01/08	USD	7.31	0.8	11.9	-5.5
Short Mat Dollar B	US	BD	LUX	01/08	USD	7.32	0.7	11.4	-5.9
Short Mat Dollar B2	US	BD	LUX	01/08	USD	9.82	0.8	11.3	-6.0
Short Mat Dollar BT	OT	OT	LUX	01/08	USD	7.32	0.7	10.7	-6.2
Short Mat Dollar C	US	BD	LUX	01/08	USD	7.32	0.7	11.4	-5.9
Short Mat Dollar C2	US	BD	LUX	01/08	USD	13.88	0.8	11.3	-6.0
Short Mat Dollar I	US	BD	LUX	01/08	USD	7.32	0.7	12.4	-5.0

Advertisement [ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS
CREDIT PACIFIC Private Banking & Wealth Management Group									
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	01/04	USD	100.00	0.0	21.5	20.8
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	01/05	USD	45.49	8.4	-45.4	-2.5
Superfund GCT USD*	GL	EQ	LUX	01/05	USD	2391.00	7.7	-34.5	-0.7
Superfund Green Gold A (SPC)	OT	OT	CYM	01/05	USD	1038.69	6.7	-10.7	8.7
Superfund Green Gold B (SPC)	OT	OT	CYM	01/05	USD	1027.10	9.1	-23.8	4.7
Superfund Q-AG*	OT	OT	AUT	01/05	EUR	6977.00	5.3	-20.4	3.8
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	12/31	EUR	196.82	-4.4	-4.4	7.7
Winton Futures GBP Cls D	OT	OT	VGB	12/31	GBP	212.85	-4.1	-4.1	8.7
Winton Futures JPY Cls E	OT	OT	VGB	12/31	JPY	14027.73	-5.0	-5.0	5.6
Winton Futures USD Cls B	OT	OT	VGB	12/31	USD	699.38	-4.6	-4.6	7.4

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

Earnings caution reins in U.S. stocks

By Kristina Peterson And Donna Kardos Yesalavich

NEW YORK—Stocks stalled as investors weighed hopes of continued low interest rates against fears that expectations for forthcoming fourth-quarter earnings may have become overly optimistic.

ABREAST OF THE MARKET

The Dow Jones Industrial Average was up 17.23 points, or 0.2%, at 10635.42 in midday trade. **Walt Disney** was down 1.9% after Janney Capital Markets downgraded the stock to "neutral" from "buy," saying its box-office strength has been only modest. **Caterpillar** climbed 3.9%.

The Nasdaq Composite Index was down 7.94 points, or 0.3%, to 2309.23. The Standard & Poor's 500-stock index was up less than a point at 1144.64.

Dow component **Alcoa** was to release fourth-quarter figures after the market closes, kicking off the earnings season. Alcoa added 1.5%.

Analysts are hopeful that fourth-quarter reports will show profit increases through gains in revenue, not just aggressive cost-cutting.

Speaking in Shanghai on Monday, St. Louis Fed President James Bullard said that U.S. interest rates may remain low for quite some time.

Shares of Mexican beverages and retail conglomerate Fomento Economico Mexicano, or **Femsa**, fell 6.4% after the company agreed to swap its beer business for a 20% stake in **Heineken** NV. Femsa will sell its beer unit Femsa Cerveza to the Dutch brewer in an all-share transaction valued at about $7.35 billion.

European stocks

Shares eased after a rally in the commodity sector ran out of steam and as the insurance sector digested potential deal news.

The pan-European Dow Jones Stoxx 600 index shed 0.1% to 258.81.

Among national markets, Russian stocks rallied on their first trading day of the year, with the RTS index up 7.7% to 1555.94. The French CAC-40 index fell 0.1% to 4043.09, while the U.K. FTSE 100 index gained 0.1% to 5538.07 and the German DAX index was barely higher at 6040.50.

Miners initially climbed on more signs of strength in the Chinese economy, but ended down on the day, as investors sold shares ahead of the beginning of the earnings season.

Swiss Life jumped 5.5% in Zurich on a weekend report on a French Web site owned by Le Figaro that German insurance giant **Allianz** is preparing to bid for the Swiss insurance firm. Allianz declined 1.1%. Both Swiss Life and Allianz declined to comment on the speculation.

Heineken rose 3.3% in Amsterdam on the deal involving Femsa.

Shorter-term Treasurys rally; auctions loom

By Min Zeng

NEW YORK—Prices of shorter-dated Treasurys rebounded Monday from early losses amid reduced speculation regarding an interest-rate increase from the Federal Reserve as early as mid-2010.

Bets on a rate increase by the end of June were further trimmed following Friday's weak nonfarm payroll report. The yield on the two-year note touched 0.928% Monday, the lowest level since late December.

U.S. CREDIT MARKETS

Longer-dated Treasurys improved from session lows but their prices remained down as global stocks gained, with strong trade data from China lifting the global economic outlook ahead of this week's $84 billion U.S. note and bond sales. A flurry of corporate debt sales may add to volatility this week.

In late-morning trade, the two-year note was up 2/32 at 100 4/32 to yield 0.9357%, the 10-year note was flat at 96 15/32 to yield 3.8082%, and the 30-year bond was 10/32 weaker at 94 18/32 to yield 4.716%. Bond prices move inversely to their yields.

Supply pressure also looms. The Treasury Department will kick-start this week's note and bond sales, including nominal and inflation-linked securities, with $10 billion in Treasury inflation-protected securities Monday afternoon, the biggest offering of that maturity in five years.

Beijing's move boosts Chinese financial stocks

By Colin Ng And Philip Vahn

Asian markets ended mostly higher Monday, with Shanghai stocks lifted by brokerage shares after China's cabinet approved market-reform measures such as the launch of index futures and short-selling.

Most other regional markets also gained, with a sharp increase in commodity prices spurring resource stocks. Investors looked past weaker-than-expected U.S. nonfarm payrolls data. The region's largest market by capitalization, Japan, was closed for Coming-Of-Age Day.

ASIAN-PACIFIC STOCKS

China's Shanghai Composite added 0.5% to 3212.75 and Hong Kong's Hang Seng Index climbed 0.5% to 22411.52, paced by brokerage and bank shares on hopes the in-principle approval to launch index futures and short-selling of securities would increase participation of institutional investors and improve trading volumes.

Citic Securities rose 3.6%, **Haitong Securities** advanced 1.1%, and **China Construction Bank** added 1.7% in Shanghai. In Hong Kong, **China Everbright** surged 10% and **First Shanghai Investments** rocketed 18%.

Gains in Shanghai were also supported by robust trade data for December, with exports rising 17.7% year-to-year, while imports surged 55.9%. However, mainland property plays were weak after a statement posted on the State Council Web site over the weekend said China will step up efforts to keep hot money out of its property market. Real-estate developer **China Vanke** lost 1.6% in Shenzhen, and **Poly Real Estate Group** gave up 2.3% in Shanghai.

Australia's S&P/ASX 200 rose 0.8% to 4950.66, South Korea's Kospi slipped 0.1% to 1694.12, New Zealand's NZX 50 shed 0.2% to 3303.75 and Taiwan's Taiex rose 0.5% to 8323.82. India's Sensex ended down 0.1% at 17526.71 and Singapore's Straits Times Index added 0.4% to 2933.53.

Strong gains for gold and crude-oil prices helped to lift the region's miners and energy producers. **Lihir Gold** climbed 3% and **Newcrest Mining** added 1.7% in Sydney, **Shandong Gold-Mining** rose 2.2% in Shanghai, and **Zhaojin Mining Industry** gained 3% in Hong Kong.

Woodside Petroleum ended 1.2% higher in Sydney, and **Cnooc** gained 1.5% in Hong Kong.

South Korean equities were helped by the uptrend in U.S. stocks and hopes for solid results as earnings season kicked off this week, said Choi Jai-sic at Daishin Securities.

In Seoul, brokerages advanced, with **Samsung Securities** gaining 2.4%, while **Mirae Asset Securities** rose 2.3%. **STX Offshore & Shipbuilding** added 1.9% on news it won a $130 million order for four bulk ships from Turkey's Densa.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

Allianz Global Investors

■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	01/11	EUR	53.26	1.5	34.6	-10.1
Industria AE	EU	EQ	DEU	01/11	EUR	73.72	2.5	30.9	-15.1
InternRent AE	EU	BD	DEU	01/11	EUR	35.14	0.1	1.9	9.0

■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866

Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

CAM-GTF Limited	AS	EQ	MUS	12/31	USD	274508.01	103.5	103.5	2.6

GAM

■ GAM FUND MANAGEMENT LIMITED

George's Court, 54-62 Townsend Street, Dublin 2, Ireland

Tel +3531 609 3927 Fax +3531 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	01/04	USD	1244.35	0.1	22.8	-8.4
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	01/04	JPY	15780.46	1.6	68.3	2.6
GAM Asia Equity Hedge US	OT	OT	VGB	01/04	USD	294.09	1.3	68.5	4.0
GAM Asia Equity USD	OT	OT	VGB	01/08	USD	667.65	2.1	70.0	-11.0
GAM Asia-Pacific Eq USD	OT	OT	VGB	01/05	USD	1311.62	2.2	22.5	-14.8
GAM Com Glb Bal EUR Op	US	BA	VGB	12/31	EUR	94.49	15.2	15.2	-9.0
GAM Com Glb Bal USD Op	US	BA	VGB	12/31	USD	127.78	15.2	15.2	-9.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/31	EUR	97.11	22.1	22.1	-15.7
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/31	USD	127.52	22.1	22.1	-15.7
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/31	EUR	85.62	15.6	15.6	-13.0
GAM Comp Glb Gr USD Op	US	BA	VGB	12/31	USD	127.07	15.6	15.6	-13.0
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	01/04	USD	252.47	1.5	34.9	-9.2
GAM Cross Trading Inc	OT	OT	VGB	12/31	USD	465.88	6.5	6.5	6.1
GAM Diversity CHF Op	OT	OT	VGB	12/31	CHF	94.31	4.2	4.2	-7.0
GAM Diversity EUR Op	OT	OT	VGB	12/31	EUR	648.51	5.1	5.1	-5.4
GAM Diversity USD 2.5XL	OT	OT	VGB	12/31	USD	78.29	8.5	8.5	-19.8
GAM Diversity USD Op	OT	OT	VGB	12/31	USD	681.95	5.2	5.2	-5.9
GAM Dvrsty II CHF Op	OT	OT	VGB	12/31	CHF	99.50	4.0	4.0	-6.6
GAM Dvrsty II EUR Op	OT	OT	VGB	12/31	EUR	138.77	4.6	4.6	-5.5
GAM Dvrsty II USD Op	OT	OT	VGB	12/31	USD	210.17	4.6	4.6	-5.8
GAM DvrstyIII EUR Op	OT	OT	VGB	12/31	EUR	115.55	4.5	4.5	-5.6
GAM DvrstyIII USD Op	OT	OT	VGB	12/31	USD	121.98	4.6	4.6	-5.8
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	01/04	EUR	220.59	0.8	11.8	-4.2
GAM Euro Eq Hdg USD Op	OT	OT	VGB	01/04	USD	204.97	0.8	12.5	-2.6
GAM European Equity USD	OT	OT	VGB	01/07	USD	298.36	1.8	25.4	-12.4
GAM GAMCO	OT	EQ	VGB	01/05	USD	827.18	2.0	42.5	-9.8
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	01/04	EUR	98.32	0.5	14.0	-16.6
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	01/04	USD	103.67	0.5	14.5	-15.9
GAM Gbl Divers USD Inc.	GL	EQ	VGB	01/04	USD	254.02	1.7	25.0	-7.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	01/04	USD	289.88	1.1	103.0	22.0
GAM Intrst Trend II	GL	BD	VGB	12/31	USD	94.13	42.5	42.5	-9.1
GAM Intrst Trend Inc	OT	OT	VGB	12/31	USD	251.51	57.9	57.9	-7.1
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	01/04	EUR	117.58	0.7	10.1	-7.4
GAM Japan Eq Hdg USD Op	OT	OT	VGB	01/04	USD	122.92	0.7	9.3	-19.2
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	01/04	JPY	8465.78	0.7	9.7	-18.3
GAM Japan USD	JP	EQ	VGB	01/08	USD	1162.54	5.4	12.0	-13.1
GAM Japan YEN	JP	EQ	VGB	01/08	JPY	9292.42	5.3	15.2	-19.1
GAM Money Mkt EuroOp	EU	MM	VGB	01/07	EUR	51.14	0.0	0.2	1.6
GAM Money Mkt USD	US	MM	VGB	01/07	USD	99.98	0.1	0.0	0.8
GAM Multi-Arb EUR Op	OT	OT	VGB	12/31	EUR	111.21	-0.8	-0.8	-9.3
GAM Multi-Arb USD Op	OT	OT	VGB	12/31	USD	116.05	-0.6	-0.6	-9.6
GAM Multi-China EUR Op	OT	OT	VGB	12/31	EUR	167.97	13.1	13.1	-8.5
GAM Multi-China USD Op	OT	OT	VGB	12/31	USD	176.59	13.7	13.7	-9.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/31	GBP	131.51	25.7	25.7	-2.4
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/31	USD	650.94	25.6	25.6	-2.7
GAM Multi-Eur EUR Op	OT	OT	VGB	12/31	EUR	268.84	7.1	7.1	-9.9
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/31	EUR	138.33	7.1	7.1	-9.9
GAM Multi-Eur II USD Op	OT	OT	VGB	12/31	USD	113.08	6.6	6.6	-10.8
GAM Multi-Eur USD Op	OT	OT	VGB	12/31	USD	467.71	6.7	6.7	-10.7
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/31	EUR	134.00	12.4	12.4	-3.9
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/31	USD	218.14	12.7	12.7	-4.0
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/31	EUR	143.40	5.2	5.2	-4.4
GAM Multi-Pac USD Op	OT	OT	VGB	12/31	USD	165.42	5.2	5.2	-4.8
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	01/04	USD	2679.04	1.6	69.2	9.6
GAM Sing/Malaysia	AS	EQ	VGB	01/08	USD	2605.77	3.2	59.3	-10.2
GAM Sterling Spe Bd Inc	OT	OT	VGB	01/04	GBP	244.61	6.0	49.5	5.2
GAM Trading EUR Inc	OT	OT	VGB	12/31	EUR	325.15	6.4	6.4	6.7
GAM Trading USD Inc	OT	OT	VGB	12/31	USD	973.05	6.5	6.5	6.1
GAM Trdg II IncEUR Op	OT	OT	VGB	12/31	EUR	139.06	6.2	6.2	6.6
GAM Trdg II IncUSD Op	OT	OT	VGB	12/31	USD	315.95	6.5	6.5	6.2
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/31	EUR	146.76	6.0	6.0	6.4
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/31	USD	154.52	6.3	6.3	6.1
GAM Trdg V IncEUR Op	OT	OT	VGB	12/31	EUR	124.45	6.1	6.1	6.2
GAM Trdg V IncUSD Op	OT	OT	VGB	12/31	USD	129.60	6.2	6.2	6.0
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/31	EUR	157.01	6.2	6.2	6.4
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/31	USD	162.51	6.3	6.3	6.1
GAM USDSpecBondInc	US	BD	VGB	01/04	USD	533.53	0.7	75.5	6.4
GAM Worldwide	GL	EQ	VGB	01/07	USD	2269.65	2.0	26.0	-8.2
GAMut Investments	OT	OT	VGB	01/06	USD	7647.01	0.9	5.3	8.0

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	01/07	CHF	11.22	1.6	49.8	-14.6
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	01/07	EUR	12.13	1.8	54.7	-9.3
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	01/07	GBP	1.62	3.3	54.0	-0.4
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	01/07	USD	13.64	1.7	62.4	-10.2
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	01/07	EUR	104.39	3.2	17.2	-11.0
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	01/07	EUR	101.03	3.2	17.2	-11.0
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	01/07	EUR	11.23	2.1	23.0	-8.9
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	01/07	EUR	186.59	1.9	21.9	-11.4
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	01/07	EUR	170.49	1.9	21.9	-11.4
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	01/07	USD	16.28	1.8	27.7	-12.2
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	01/07	USD	14.76	1.8	27.7	-12.2
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	01/07	USD	5.60	2.0	19.3	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	01/07	EUR	91.22	3.7	5.5	-10.0
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	01/07	EUR	91.22	3.7	5.5	-10.0
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	01/07	JPY	955.98	3.8	7.6	-19.1
GAMStar-JpnEq USD Acc	JP	EQ	IRL	01/07	USD	11.51	3.6	4.9	-13.6
GAMStar-World EqUSD Acc	GL	EQ	IRL	01/07	USD	2282.47	2.0	27.0	-7.8

Manulife Wealth Management 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110

Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	01/11	USD	15.56	1.9	26.1	-10.2
American Growth AA	US	EQ	LUX	01/11	USD	0.90	1.9	25.7	-5.3
Asian Equity	AS	EQ	LUX	01/11	USD	2.52	2.9	72.7	-7.3
Asian Equity AA	AS	EQ	LUX	01/11	USD	0.81	2.9	72.0	-7.6
Asian Sm Cap Equity AA	AS	EQ	LUX	01/11	USD	1.20	3.9	96.0	-4.3
China Value A	AS	EQ	LUX	01/11	USD	7.29	2.6	71.3	-5.2
China Value AA	AS	EQ	LUX	01/11	USD	2.29	2.6	70.9	-5.4
Dragon Growth	AS	EQ	LUX	01/11	USD	1.70	3.6	73.1	-7.4
Dragon Growth AA	OT	OT	LUX	01/11	HKD	8.28	3.6	72.8	-8.6
Emg Eastrn Europe A	EU	EQ	LUX	01/11	USD	4.94	7.1	100.7	-15.8
Emg Eastrn Europe AA	EU	EQ	LUX	01/11	USD	2.13	7.1	100.4	-15.9
European Growth	EU	EQ	LUX	01/11	USD	9.56	4.4	43.5	-14.1
European Growth AA	EU	EQ	LUX	01/11	USD	0.68	4.4	43.2	-14.3
Global Contrarain AA	GL	EQ	LUX	01/11	USD	0.94	6.4	84.0	NS
Global Property AA	OT	EQ	LUX	01/11	USD	0.69	2.0	46.6	-9.9
Global Resources AA	OT	EQ	LUX	01/11	USD	1.16	7.0	56.7	-9.5
Healthcare AA	OT	EQ	LUX	01/11	USD	0.95	0.6	15.4	NS
India Equity AA	EA	EQ	LUX	01/11	USD	1.14	4.0	88.8	-18.3
International Growth	GL	EQ	LUX	01/11	USD	3.15	3.3	25.0	-12.7
International Growth AA	GL	EQ	LUX	01/11	USD	0.73	3.3	24.7	-12.9
Japanese Growth	JP	EQ	LUX	01/11	USD	2.84	3.3	10.4	-10.0
Japanese Growth AA	JP	EQ	LUX	01/11	USD	0.74	3.3	10.1	-10.2
Latin America Equity AA	GL	EQ	LUX	01/11	USD	1.34	4.2	98.6	-1.8
Manulife GF Strategic Income Fund AA	OT	OT	NA	01/11	USD	1.02	1.5	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	01/11	USD	1.17	3.0	NS	NS
Russia Equity AA	EE	EQ	LUX	01/11	USD	0.69	11.1	129.5	-20.7
Taiwan Equity AA	AS	EQ	LUX	01/11	USD	1.10	1.6	94.2	6.1
Turkey Equity AA	EE	EQ	LUX	01/11	USD	0.82	6.8	126.9	-9.4
U.S. Bond AA	US	BD	LUX	01/11	USD	1.12	0.9	17.6	7.3
U.S. Sm Cap Equity AA	US	EQ	LUX	01/11	USD	0.85	4.3	61.4	-8.8
U.S. Special Opportunities	OT	OT	LUX	01/11	USD	0.85	5.1	75.5	4.7
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	01/11	USD	1.14	0.4	9.3	2.6

■ PT CIPTADANA ASSET MANAGEMENT

Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/31	USD	127.35	120.7	120.7	-3.1

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED

www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	01/08	USD	8.19	2.1	87.8	-4.6

■ SG ASSET MANAGEMENT (HK) LTD

Hotline in Hong Kong 2166 5099

A company of Amundi Group

www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	01/07	EUR	21.20	3.0	53.1	0.3
Bonds EURO A	OT	OT	LUX	01/07	EUR	41.17	0.3	5.2	5.0
Bonds EUROPE A	OT	OT	LUX	01/08	EUR	39.18	0.2	3.6	4.3
Bonds US OppsCoreplus A	OT	OT	LUX	01/07	USD	36.90	0.0	15.8	7.8
Bonds World A	OT	OT	LUX	01/07	USD	41.96	-0.1	7.6	5.1
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	01/08	USD	10.66	2.3	68.0	-10.7
Eq. China A	AS	EQ	LUX	01/08	USD	24.41	1.2	67.3	-13.4
Eq. Concentrated Euroland A	OT	OT	LUX	01/08	EUR	94.97	2.2	22.4	-17.9
Eq. ConcentratedEuropeA	EU	EQ	LUX	01/08	EUR	27.72	2.6	30.8	-15.8
Eq. Emerging Europe A	OT	OT	LUX	01/08	EUR	24.74	5.0	74.2	-24.5
Eq. Euroland A	EU	EQ	LUX	01/08	EUR	11.06	2.2	18.3	-18.9
Eq. Euroland Small Cap A	OT	OT	LUX	01/08	EUR	148.69	5.3	46.1	-8.1
Eq. EurolandCyclclsA	EU	EQ	LUX	01/08	EUR	18.18	2.1	28.1	-13.5
Eq. EurolandFinancialA	OT	EQ	LUX	01/08	EUR	11.86	4.8	35.5	-18.5
Eq. Glbl Emg Cty A	GL	EQ	LUX	01/08	USD	9.98	3.1	66.2	-13.2
Eq. Global A	GL	EQ	LUX	01/08	USD	28.56	2.5	33.5	-12.0
Eq. Global Energy A	OT	EQ	LUX	01/08	USD	18.83	3.8	23.9	-12.6
Eq. Global Resources A	OT	OT	LUX	01/08	USD	115.94	6.2	59.0	-8.6
Eq. Gold Mines A	OT	EQ	LUX	01/08	USD	32.49	7.2	64.5	-0.2
Eq. India A	OT	OT	LUX	01/08	USD	134.62	3.0	85.5	-19.3
Eq. Japan CoreAlpha A	OT	OT	LUX	01/08	JPY	7625.74	5.1	23.2	-9.5
Eq. Latin America A	OT	OT	LUX	01/07	USD	120.12	3.3	83.1	-7.5
Eq. US Lg Cap Gr A	US	EQ	LUX	01/08	USD	15.83	3.7	40.9	-9.0
Eq. US Rel Val A	US	EQ	LUX	01/08	USD	21.35	3.7	34.7	-10.7
Eq. US Sm Cap Val A	US	EQ	LUX	01/08	USD	16.67	4.5	25.5	-14.6
Money Market EURO A	EU	MM	LUX	01/08	EUR	27.40	0.0	0.9	2.6
Money Market USD A	US	MM	LUX	01/08	USD	15.83	0.0	0.5	1.6

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR

TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	12/24	USD	966.38	2.8	-1.4	-26.9
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	12/31	AED	5.33	16.2	16.2	-32.4

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	12/31	USD	29.84	86.0	86.0	1.4
Intel-China Converg*	AS	EQ	CYM	12/31	USD	114.03	87.1	87.1	1.3
VP Classic - A	AS	EQ	CYM	01/08	USD	191.63	2.8	83.1	-1.2
VP CLassic - B	AS	EQ	CYM	01/08	USD	89.31	2.7	82.2	-1.7
VP High Dividend Stk	AS	EQ	CYM	01/04	USD	46.09	1.5	85.5	-0.7

yuki Yuki Management & Research Tel +81-3-5296-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED

Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	01/08	JPY	9573.00	1.2	15.2	-22.1
YMR-N Small Cap Fund	OT	OT	IRL	01/08	JPY	6935.00	-1.1	12.7	-22.3
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	01/08	JPY	6257.00	1.7	6.1	-24.1
Yuki 77 Growth	JP	EQ	IRL	01/08	JPY	5684.00	0.7	2.3	-29.7
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	01/08	JPY	6992.00	2.4	11.2	-20.5
Yuki Chugoku JpnLowP	JP	EQ	IRL	01/08	JPY	7793.00	3.3	-3.0	-20.6
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	01/08	JPY	4797.00	2.7	6.6	-23.9
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	01/08	JPY	5430.00	3.5	7.2	-17.7
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	01/08	JPY	5043.00	-1.2	11.4	-20.8
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	01/08	JPY	4491.00	1.6	7.6	-28.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	01/08	JPY	4728.00	1.4	6.5	-28.2
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	01/08	JPY	7087.00	1.7	16.8	-22.5
Yuki Mizuho Jpn Gen	OT	OT	IRL	01/08	JPY	8794.00	2.1	11.4	-22.0
Yuki Mizuho Jpn Gro	OT	OT	IRL	01/08	JPY	6452.00	1.5	7.1	-25.4
Yuki Mizuho Jpn Inc	OT	OT	IRL	01/08	JPY	7836.00	2.6	0.2	-20.8
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	01/08	JPY	5339.00	2.9	9.0	-22.3
Yuki Mizuho Jpn LowP	OT	OT	IRL	01/08	JPY	11844.00	2.4	9.6	-17.0
Yuki Mizuho Jpn PGth	OT	OT	IRL	01/08	JPY	8007.00	0.6	8.5	-28.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	01/08	JPY	7032.00	-1.5	17.7	-22.5
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	01/08	JPY	5797.00	2.6	13.1	-19.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	01/08	JPY	2692.00	-1.2	12.4	-30.1
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	01/08	JPY	5542.00	2.2	10.8	-21.2

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Russia	0.30%	4.5%	110.1%
Japan	Closed	3.9	10.7
Sweden	0.53	3.3	52.9
France	0.23	2.9	25.7
Switzerland	-0.13	2.7	26.5
U.K.	0.37	2.6	25.2
Hong Kong	0.45	2.5	57.8
Italy	0.20	2.5	22.2
Brazil	-0.20	2.4	95.2
Netherlands	-0.09	2.4	34.7
Spain	0.05	2.3	19.6
Turkey	-1.20	1.8	104.2
Canada	0.51	1.8	33.9
Germany	0.30	1.6	22.1
South Africa	0.10	1.3	21.9
Australia	0.69	1.2	32.6
Singapore	0.16	0.7	65.8
South Korea	0.16	-0.2%	48.2
China 88	0.20	-3.0	70.8

Dow Jones Regional Sector Titans

Basic Res	1.77%	7.6%	97.1%
Banks	0.86	6.1	51.0
EU Enlarged†-p	1.10	4.4	35.3
Asian 50	0.93	4.0	34.7
Nordic 30 -p	0.40	3.1	33.5
Arab 50	0.52	3.0	14.9
Tiger 50*	0.50	2.4	67.5
Global 50	0.73	2.2	27.5
Euro Stoxx 50 -p	0.35	1.8	21.4
Stoxx 50 -p	0.44	1.7	21.8

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
POSCO	South Korea	Iron Steel	$42.4	625,000	3.14%	63.2%	105.6%
Shinhan Financial Grp	South Korea	Banks	19.4	45,700	2.81	59.8	-0.9
KB Fncl Group	South Korea	Banks	20.3	59,100	2.07	70.7	-18.7
BHP Billiton	Australia	General Mining	138.7	44.47	1.95	44.2	76.1
CNOOC	Hong Kong	Exploration Production	76.3	13.24	1.53	86.5	92.4
Samsung Elec	South Korea	Semiconductors	$104.9	797,000	-2.92%	62.8	30.2
Hon Hai Precision Ind	Taiwan	Electrical Cmpnts Eqpmnt	39.9	148.50	-1.33	171.5	-6.3
Indl Comm Bk China	Hong Kong	Banks	67.4	6.29	-1.10	81.8	33.3
China Life Ins	Hong Kong	Life Insurance	36.6	38.15	-0.52	67.7	50.8
Westfield Grp	Australia	Retail REITs	27.1	12.65	-0.47	-8.5	-39.7

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
National Australia Bk Australia (Banks)	53.1	27.25	1.30%	32.0%	-32.6%
RioZim Ltd Australia (General Mining)	45.1	80.00	1.25	145.4	37.9
Woodside Petroleum Australia (Exploration Production)	32.9	49.28	1.19	38.0	35.5
PetroChina Hong Kong (Integrated Oil Gas)	27.7	10.18	0.99	52.4	2.2
QBE Ins Grp Australia (Reinsurance)	23.8	24.98	0.85	-3.0	-17.6
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.2	56.80	0.80	35.6	-29.3
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	52.6	64.50	0.78	55.6	-5.4
Commonwlth Bk of Aus Australia (Banks)	79.9	56.57	0.73	99.8	13.8
Aus NZ Bk Australia (Banks)	52.1	22.39	0.63	48.5	-20.6
China Mobile (HK) Hong Kong (Mobile Telecommunications)	191.9	74.85	0.54	1.8	9.5
China Constr Bk Hong Kong (Banks)	190.1	6.56	0.46	75.9	34.2
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.9	117.70	0.26	72.8	21.3
Westpac Bking Australia (Banks)	68.1	25.18	0.12	53.2	3.8
Mitsubishi UFJ Finl Japan (Banks)	71.9	478.00	Closed	-14.8	-68.8
Canon Japan (Electronic Office Equipment)	51.9	3,885	Closed	24.1	-40.1
KDDI Japan (Mobile Telecommunications)	24.3	508,000	Closed	-9.8	-38.0
Mizuho Financial Grp Japan (Banks)	27.4	180.00	Closed	-34.6	-80.1
East Japan Railway Japan (Travel Tourism)	25.9	6,060	Closed	-8.2	-28.6
Honda Motor Japan (Automobiles)	63.0	3,185	Closed	53.1	-32.1
Japan Tobacco Japan (Tobacco)	32.7	315,000	Closed	3.3	-46.3

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Kansai Elec Power Japan (Conventional Electricity)	22.0	2,131	Closed	-8.9%	-34.4%
Panasonic Japan (Consumer Electronics)	30.8	1,372	Closed	14.0	-42.6
Mitsubishi Japan (Industrial Suppliers)	43.2	2,430	Closed	81.1	13.0
Mitsui Japan (Industrial Suppliers)	27.7	1,415	Closed	43.1	-16.3
NTT DoCoMo Japan (Mobile Telecommunications)	60.1	132,900	Closed	-17.5	-31.1
Nintendo Japan (Toys)	35.4	25,580	Closed	-25.0	-19.1
Nippon Steel Japan (Iron Steel)	25.6	376.00	Closed	22.9	-41.4
Nippon T&T Japan (Fixed Line Telecommunications)	54.4	3,795	Closed	-20.6	-38.0
Nissan Motor Japan (Automobiles)	35.6	807.00	Closed	135.3	-44.8
Seven I Hldgs Japan (Broadline Retailers)	19.4	1,983	Closed	-27.8	-47.4
Shin-Etsu Chml Japan (Specialty Chemicals)	24.5	5,330	Closed	25.7	-31.8
Sony Japan (Consumer Electronics)	30.3	2,809	Closed	28.0	-50.7
Takeda Pharm Japan (Pharmaceuticals)	33.3	3,900	Closed	-12.8	-50.8
Tokyo Elec Power Japan (Conventional Electricity)	35.7	2,440	Closed	-11.6	-37.6
Toyota Motor Japan (Automobiles)	135.0	3,960	Closed	29.0	-50.1
Tokio Marine Hldgs Japan (Property Casualty Insurance)	23.1	2,712	Closed	12.5	-40.0
JFE Hldgs Japan (Iron Steel)	20.8	3,640	Closed	44.2	-37.1
Sumitomo Mitsui Finl Japan (Banks)	31.7	2,900	Closed	-27.7	-77.2
Cheung Kong Hong Kong (Real Estate Holding Development)	30.4	101.80	-0.29%	35.7	-1.0
Woolworths Australia (Food Retailers Wholesalers)	32.0	28.00	-0.32	6.5	20.5

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.10%	0.47%	1.5%	-0.1%	7.4%
Event Driven	0.89	1.59	3.6	0.9	16.1
Equity Long/Short	1.66	3.26	2.6	1.7	7.1

*Estimates as of 01/07/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

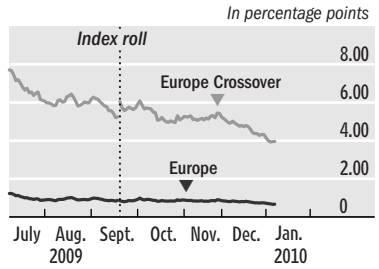
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.67	101.51%	0.01%	1.00	0.66	0.84
Eur. High Volatility: 12/1	0.95	100.23	0.01	1.76	0.93	1.35
Europe Crossover: 12/1	3.96	104.23	0.05	6.15	3.91	5.12
Asia ex-Japan IG: 12/1	0.88	100.53	0.01	1.29	0.88	1.06
Japan: 12/1	1.21	99.00	0.01	1.68	0.99	1.33

Note: Data as of January 8

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sanyo Shinpan Fin	646	**-55**	-175	-324
Mitsui OSK Lines	102	**-28**	-31	-34
Taisei	330	**-26**	-37	-74
Kawasaki Kisen Kaisha	223	**-23**	-32	-39
Nippon Yusen Kabushiki Kaisha	100	**-22**	-30	-31
Obayashi	180	**-18**	-18	-50
Itochu	123	**-15**	-21	-35
Mitsui Co	58	**-11**	-17	-21
Sumitomo	75	**-11**	-15	-23
Kajima	300	**-11**	-31	-45

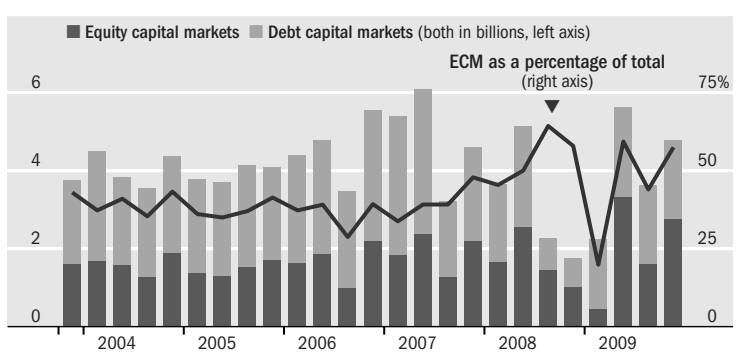
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Mizuho Corporate Bk	103	**1**	-2	-8
Oji Paper	61	**1**	-1	-9
PCCW HKT Tel	86	**1**	-7	-10
Sumitomo Mitsui Bkg	75	**1**	-1	-4
Aeon	163	**1**	-2	5
Telekom Malaysia	81	**2**	-4	-7
Ptt Pub	86	**2**	-6	2
Kdom Thailand	96	**2**	3	...
Malaysia	85	**2**	-4	-6
Nishimatsu Constr	526	**7**	-26	-30

Source: Markit Group

US: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**420.50**	-2.50	**-0.59%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1018.50**	-3.50	**-0.34**	1,560.00	805.00
Wheat (cents/bu.)	CBOT	**569.50**	1.00	**0.18%**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.250**	-0.575	**-0.67**	108.600	84.150
Cocoa ($/ton)	ICE-US	**3,330**	34	**1.03**	3,510	1,994
Coffee (cents/lb.)	ICE-US	**144.00**	-1.35	**-0.93**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**27.10**	-0.43	**-1.56**	28.95	11.91
Cotton (cents/lb.)	ICE-US	**72.84**	0.40	**0.55**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,585.00**	-41	**-1.56**	3,580	1,487
Cocoa (pounds/ton)	LIFFE	**2,270**	unch.	**unch.**	2,337	1,310
Robusta coffee ($/ton)	LIFFE	**1,385**	-15	**-1.07**	1,710	1,300
Copper (cents/lb.)	COMEX	**345.80**	5.75	**1.69**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1158.20**	20.00	**1.76**	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	**1879.00**	32.00	**1.73**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,356.50**	64.50	**2.81**	2,356.50	1,288.00
Tin ($/ton)	LME	**17,875.00**	425.00	**2.44**	17,875.00	9,945.00
Copper ($/ton)	LME	**7,695.00**	230.00	**3.08**	7,695.00	3,085.00
Lead ($/ton)	LME	**2,595.00**	55.00	**2.17**	2,615.00	995.00
Zinc ($/ton)	LME	**2,610.00**	60.00	**2.35**	2,659.00	1,086.00
Nickel ($/ton)	LME	**18,345**	215	**1.19**	21,150	9,475
Crude oil ($/bbl.)	NYMEX	**82.66**	-0.09	**-0.11**	117.00	47.60
Heating oil ($/gal.)	NYMEX	**2.1840**	-0.0163	**-0.74**	3.5570	1.3816
RBOB gasoline ($/gal.)	NYMEX	**2.1700**	0.0147	**0.68**	2.1927	1.2304
Natural gas ($/mmBtu)	NYMEX	**5.374**	-0.338	**-5.92**	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	**81.86**	-0.08	**-0.10**	98.10	49.10
Gas oil ($/ton)	ICE-EU	**668.00**	4.50	**0.68**	875.00	450.50

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com**
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/Email**

Currencies

London close on Jan. 11

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.5199	0.1812	3.7945	0.2635
Brazil real	2.5183	0.3971	1.7312	0.5777
Canada dollar	1.4977	0.6677	1.0296	0.9713
1-mo. forward	1.4977	0.6677	1.0296	0.9713
3-mos. forward	1.4977	0.6677	1.0295	0.9713
6-mos. forward	1.4981	0.6675	1.0298	0.9710
Chile peso	711.86	0.001405	489.35	0.002044
Colombia peso	2857.76	0.0003499	1964.50	0.0005090
Ecuador US dollar-f	1.4547	0.6874	1	1
Mexico peso-a	18.4249	0.0543	12.6658	0.0790
Peru sol	4.1401	0.2415	2.8460	0.3514
Uruguay peso-e	28.439	0.0352	19.550	0.0512
U.S. dollar	1.4547	0.6874	1	1
Venezuela bolivar	3.12	0.320135	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.5625	0.6400	1.0741	0.9310
China yuan	9.9303	0.1007	6.8264	0.1465
Hong Kong dollar	11.2808	0.0886	7.7548	0.1290
India rupee	65.9416	0.0152	45.3300	0.0221
Indonesia rupiah	13314	0.0000751	9153	0.0001093
Japan yen	133.73	0.007478	91.93	0.010878
1-mo. forward	133.71	0.007479	91.91	0.010880
3-mos. forward	133.66	0.007482	91.88	0.010884
6-mos. forward	133.60	0.007485	91.84	0.010889
Malaysia ringgit-c	4.8536	0.2060	3.3365	0.2997
New Zealand dollar	1.9605	0.5101	1.3477	0.7420
Pakistan rupee	123.504	0.0081	84.900	0.0118
Philippines peso	66.116	0.0151	45.450	0.0220
Singapore dollar	2.0180	0.4955	1.3873	0.7209
South Korea won	1629.99	0.0006135	1120.50	0.0008925
Taiwan dollar	46.201	0.02164	31.760	0.03149
Thailand baht	48.056	0.02081	33.035	0.03027

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6874	1.4547
1-mo. forward	1.0001	0.9999	0.6875	1.4546
3-mos. forward	1.0002	0.9998	0.6876	1.4544
6-mos. forward	1.0006	0.9994	0.6878	1.4538
Czech Rep. koruna-b	26.176	0.0382	17.994	0.0556
Denmark krone	7.4409	0.1344	5.1151	0.1955
Hungary forint	267.29	0.003741	183.74	0.005442
Norway krone	8.1708	0.1224	5.6168	0.1780
Poland zloty	4.0628	0.2461	2.7929	0.3581
Russia ruble-d	42.606	0.02347	29.289	0.03414
Sweden krona	10.2056	0.0980	7.0156	0.1425
Switzerland franc	1.4768	0.6771	1.0152	0.9850
1-mo. forward	1.4765	0.6773	1.0150	0.9852
3-mos. forward	1.4760	0.6775	1.0146	0.9856
6-mos. forward	1.4748	0.6780	1.0139	0.9863
Turkey lira	2.1123	0.4734	1.4521	0.6887
U.K. pound	0.8995	1.1117	0.6183	1.6173
1-mo. forward	0.8997	1.1115	0.6185	1.6169
3-mos. forward	0.9000	1.1111	0.6187	1.6163
6-mos. forward	0.9005	1.1105	0.6190	1.6154
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5484	1.8235	0.3770	2.6526
Egypt pound-a	7.9216	0.1262	5.4455	0.1836
Israel shekel	5.3584	0.1866	3.6835	0.2715
Jordan dinar	1.0296	0.9713	0.7078	1.4129
Kuwait dinar	0.4163	2.4022	0.2862	3.4945
Lebanon pound	2184.23	0.0004578	1501.50	0.0006660
Saudi Arabia riyal	5.4555	0.1833	3.7503	0.2666
South Africa rand	10.6822	0.0936	7.3432	0.1362
United Arab dirham	5.3431	0.1872	3.6730	0.2723
SDR-f	0.9248	1.0813	0.6357	1.5730

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
52	**ASIA-PACIFIC**	DJ Asia-Pacific	128.19	1.20	**0.94%**	4.2%	37.4%
...	Australia	SPX/ASX 200	4950.66	38.53	**0.78**	1.6	34.4
...	China	CBN 600	28507.10	51.71	**0.18**	-1.9	81.4
21	Hong Kong	Hang Seng	22411.52	114.77	**0.51**	2.5	60.4
20	India	Sensex	17526.71	-13.58	**-0.08%**	0.4	92.4
...	Indonesia	Jakarta Composite	2632.204	17.834	**0.68**	3.9	87.1
...	Japan	Nikkei Stock Average	10798.32	**Closed**		2.4	22.2
...		Topix	941.29	**Closed**		3.7	10.1
...	Malaysia	Kuala Lumpur Composite	1294.51	1.53	**0.12**	1.7	40.2
...	New Zealand	NZSX-50	3303.749	-6.477	**-0.20**	2.3	19.3
9	Pakistan	KSE 100	9797.00	20.79	**0.21**	4.4	62.2
15	Philippines	Manila Composite	3087.35	10.17	**0.33**	1.1	54.5
...	Singapore	Straits Times	2933.53	10.77	**0.37**	1.2	65.2
11	South Korea	Kospi	1694.12	-1.14	**-0.07**	0.7	46.5
20	Taiwan	Weighted	8323.82	42.92	**0.52**	1.7	86.9
10	Thailand	SET	746.95	7.99	**1.08**	1.7	65.0
50	**EUROPE**	DJ Stoxx 600	258.66	-0.49	**-0.19**	2.2	26.5
22		DJ Stoxx 50	2622.24	-7.10	**-0.27**	1.7	23.2
62	**Euro Zone**	DJ Euro Stoxx	280.70	-0.71	**-0.25%**	2.2%	24.8%
22		DJ Euro Stoxx 50	3007.34	-10.51	**-0.35**	1.4	22.7
19	Denmark	OMX Copenhagen	336.39	5.58	**1.69%**	6.6	34.8
21	Finland	OMX Helsinki	6639.32	-50.92	**-0.76**	2.8	19.1
20	France	CAC-40	4043.09	-2.05	**-0.05**	2.7	24.6
21	Germany	DAX	6040.50	2.89	**0.05**	1.4	28.0
16	Italy	FTSE MIB	23774.76	-36.37	**-0.15**	2.3	19.4
...	Netherlands	AEX	340.52	-1.42	**-0.42**	1.5	30.1
...	Russia	RTSI	1553.06	108.45	**7.51**		146.7
11	Spain	IBEX 35	12074.5	-88.5	**-0.73**	1.1	31.2
14	Switzerland	SMI	6592.26	-25.62	**-0.39**	0.7	17.9
...	Turkey	ISE National 100	53921.06	-876.84	**-1.60**	2.1	109.7
15	U.K.	FTSE 100	5538.07	3.83	**0.07**	2.3	25.1
22	**AMERICAS**	DJ Americas	305.76	0.63	**0.21**	3.1	39.1
...	Brazil	Bovespa	70303.98	41.28	**0.06**	2.5	78.4
...	Argentina	Merval	2344.05	-8.71	**-0.37**	1.0	107.1
21	Mexico	IPC	32953.15	61.11	**0.19**	2.6	55.4

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.08%	22	**DJ Global Index**	234.98	1.87	**1.87%**	39.3%	0.8%	-5.1%
		Global DOW	2049.95	16.68	**16.68**	36.7	0.8	-1.1
2.28		**Asia/Pacific 600**	119.62	1.07	**1.07**	24.9	0.9	-5.7
1.66	16	**Emerging Markets**	291.68	3.80	**3.80**	88.3	1.3	6.2
2.06	52	**Asia/Pacific**	128.19	1.20	**1.20**	37.4	0.9	-3.4
2.30	18	**Asia/Pacific ex-Japan**	328.16	3.80	**3.80**	81.4	1.2	3.2
2.46	24	**Southeast Asia**	166.18	1.79	**1.79**	86.5	1.1	4.5
0.83	29	**CBN China 600** -c	28507.10	51.71	**51.71**	81.4	0.2	18.5
0.85	32	**Shanghai**	382.20	1.57	**1.57**	81.2	0.4	18.8
0.58	46	**Shenzhen**	410.83	-0.30	**-0.30**	102.8	-0.1	25.1
2.13	20	**China Offshore 50**	4189.42	23.77	**23.77**	68.4	0.6	9.9
7.33	10	**Australia LPT** -c, d	1177.24	-2.32	**-2.32**	3.6	-0.2	-20.7

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.01%	16	**Islamic Market**	2041.64	15.55	**15.55%**	41.0%	0.8%	-0.2%
2.31	16	**Islamic Market 100**	2172.95	15.15	**15.15**	27.5	0.7	-1.5
9.53	15	**Bahrain**	122.30	1.14	**1.14**	-17.1	0.9	-13.3
2.87	36	**Kuwait**	196.39	0.12	**0.12**	0.0	0.1	-16.6
2.50	21	**Sustainability**	1043.70	10.53	**10.53**	37.2	1.0	-6.2
2.72	50	**Stoxx 600 -p**	277.26	1.16	**1.16**	32.2	0.4	-7.9
4.74	17	**Stoxx Select Div 30 -p**	1865.07	17.34	**17.34**	33.8	0.9	-19.8
3.98	23	**Euro Stoxx Sel Div 30 -p**	2209.77	13.47	**13.47**	37.5	0.6	-15.3
1.69	32	**DJ U.S. TSM**	11835.37	14.39	**14.39**	34.9	0.1	-6.2
4.15	15	**U.S. Select Dividend -d**	659.92	1.42	**1.42**	20.3	0.2	-9.6
4.70		**U.S. REIT**	146.45	0.99	**0.99**	40.7	0.7	-18.5
		DJ-UBS Commodity -p	142.41	-0.43	**-0.43**	20.4	-0.3	-3.2

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.074	0.618	1.030	6.826	0.687	7.755	45.330	9152.48	91.930	1.348	1120.50	3.337	45.450	1.387	1.015	31.760	33.035
Australia	0.931		0.576	0.959	6.355	0.640	7.220	42.202	8520.96	85.587	1.255	1043.18	3.106	42.314	1.292	0.945	29.569	30.756
Britain	1.617	1.737		1.665	11.040	1.112	12.541	73.310	14801.85	148.674	2.180	1812.13	5.396	73.504	2.244	1.642	51.364	53.426
Canada	0.971	1.043	0.601		6.630	0.668	7.532	44.029	8889.79	89.291	1.309	1088.34	3.241	44.146	1.347	0.986	30.848	32.087
China	0.1465	0.157	0.091	0.151		0.101	1.136	6.640	1340.76	13.467	0.197	164.14	0.489	6.658	0.203	0.149	4.653	4.839
Euro	1.455	1.563	0.899	1.498	9.930		11.281	65.942	13314.11	133.731	1.961	1629.99	4.854	66.116	2.018	1.477	46.201	48.056
Hong Kong	0.129	0.139	0.080	0.133	0.880	0.089		5.845	1180.24	11.855	0.174	144.49	0.430	5.861	0.179	0.131	4.096	4.260
India	0.0221	0.0237	0.0136	0.0227	0.1506	0.0152	0.1711		201.91	2.0280	0.0297	24.72	0.0736	1.0026	0.0306	0.0224	0.7006	0.7288
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0100	0.0001	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.074	0.007	0.084	0.493	99.56		0.015	12.19	0.036	0.494	0.015	0.011	0.345	0.359
New Zealand	0.742	0.797	0.459	0.764	5.065	0.510	5.754	33.635	6791.14	68.212		831.41	2.476	33.724	1.029	0.753	23.566	24.512
South Korea	0.0009	0.0010	0.0006	0.0009	0.0061	0.0006	0.0069	0.0405	8.17	0.0820	0.0012		0.0030	0.0406	0.0012	0.0009	0.0283	0.0295
Malaysia	0.300	0.322	0.185	0.309	2.046	0.206	2.324	13.586	2743.14	27.553	0.404	335.83		13.622	0.416	0.304	9.519	9.901
Philippines	0.022	0.024	0.014	0.023	0.150	0.015	0.171	0.997	201.37	2.023	0.030	24.65	0.073		0.031	0.022	0.699	0.727
Singapore	0.721	0.774	0.446	0.742	4.921	0.496	5.590	32.676	6597.57	66.268	0.971	807.71	2.405	32.763		0.732	22.894	23.813
Switzerland	0.985	1.058	0.609	1.014	6.724	0.677	7.639	44.651	9015.45	90.554	1.328	1103.72	3.287	44.770	1.366		31.284	32.540
Taiwan	0.031	0.034	0.019	0.032	0.215	0.022	0.244	1.427	288.18	2.895	0.042	35.28	0.105	1.431	0.044	0.032		1.040
Thailand	0.030	0.033	0.019	0.031	0.207	0.021	0.235	1.372	277.05	2.783	0.041	33.92	0.101	1.376	0.042	0.031	0.961	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of January. 11, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	27	**ALL COUNTRY (AC) WORLD***	307.14	0.42%	**34.9%**	34.9%
2.40	28	**World (Developed Markets)**	1,198.26	0.45	**30.2**	30.2
1.80	117	**World Small Cap**	197.56	0.57	**47.2**	47.2
2.50	23	**Kokusai (World ex-Japan)**	1,187.54	0.35	**33.1**	33.1
2.90	28	**EAFE**	1,617.66	0.58	**30.7**	30.7
2.00	20	**Emerging Markets (EM)**	1,016.41	0.20	**79.2**	79.2
2.40	24	**AC ASIA PACIFIC EX-JAPAN**	427.43	0.30	**72.8**	72.8
2.00	24	**AC Far East ex-Japan**	460.91	0.38	**69.0**	69.0
1.70	-35	**Japan**	589.62	1.07	**11.3**	11.3
1.90	21	**China**	66.39	0.07	**62.8**	62.8
0.80	40	**China A (China Domestic)**	3,301.87	0.35	**90.4**	90.4
2.60	24	**Hong Kong**	10,431.44	0.10	**59.1**	59.1
0.90	21	**India**	712.87	-0.42	**93.1**	93.1
1.00	17	**Korea**	481.83	0.54	**57.0**	57.0
2.40	20	**Malaysia**	478.02	0.13	**48.8**	48.8
2.90	18	**Singapore**	1,632.29	0.18	**63.8**	63.8
2.50	248	**Taiwan**	299.83	0.39	**72.9**	72.9
2.90	19	**Thailand**	304.49	0.79	**64.5**	64.5
3.70	26	**Australia**	1,008.77	0.27	**31.8**	31.8
5.20	16	**New Zealand**	90.44	1.68	**19.1**	19.1
1.80	33	**US BROAD MARKET**	1,272.30	0.33	**29.5**	29.5
3.20	18	**EUROPE**	90.00	0.40	**29.6**	29.6

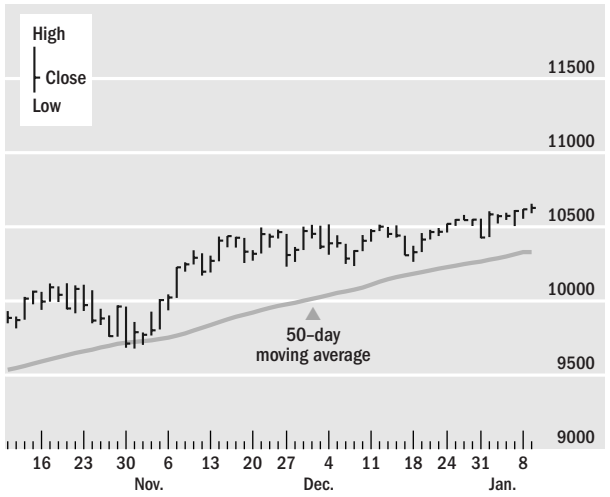
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10627.49** ▲ 9.30, or 0.09%
YEAR TO DATE: ▲ **199.44, or 1.9%**
OVER 52 WEEKS ▲ **2,153.52, or 25.4%**

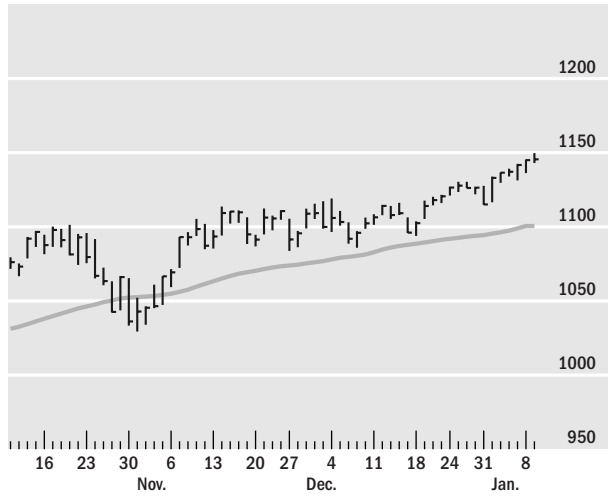


Nasdaq Composite Index P/E: 48*

LAST: **2310.02** ▼ 7.15, or 0.31%
YEAR TO DATE: ▲ **40.87, or 1.8%**
OVER 52 WEEKS ▲ **771.23, or 50.1%**

S&P 500 Index P/E: 76

LAST: **1145.52** ▲ 0.54, or 0.05%
YEAR TO DATE: ▲ **30.42, or 2.7%**
OVER 52 WEEKS ▲ **275.26, or 31.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**9.40**	$27.06	-0.04	**-0.15%**
Alcoa	AA	**32.00**	17.30	0.28	**1.63**
AmExpress	AXP	**3.40**	41.37	-0.59	**-1.39**
BankAm	BAC	**74.30**	17.04	0.26	**1.54**
Boeing	BA	**2.30**	60.89	-0.71	**-1.15**
Caterpillar	CAT	**8.70**	62.61	2.27	**3.76**
Chevron	CVX	**6.20**	80.83	1.36	**1.71**
CiscoSys	CSCO	**16.20**	24.50	-0.16	**-0.65**
CocaCola	KO	**5.60**	55.87	0.72	**1.31**
Disney	DIS	**5.50**	31.31	-0.57	**-1.79**
DuPont	DD	**3.00**	34.42	0.48	**1.41**
ExxonMobil	XOM	**16.40**	70.08	0.56	**0.81**
GenElec	GE	**37.40**	16.66	0.06	**0.36**
HewlettPk	HPQ	**4.40**	52.26	-0.33	**-0.63**
HomeDpt	HD	**5.50**	28.54	-0.45	**-1.54**
Intel	INTC	**25.60**	20.95	0.12	**0.56**
IBM	IBM	**2.80**	129.49	-1.36	**-1.04**
JPMorgChas	JPM	**15.60**	44.43	-0.25	**-0.56**
JohnsJohns	JNJ	**3.30**	64.21	0.00	**0.00**
KftFoods	KFT	**5.50**	28.76	-0.18	**-0.60**
McDonalds	MCD	**2.20**	62.14	0.29	**0.48**
Merck	MRK	**4.00**	37.80	0.10	**0.27**
Microsoft	MSFT	**27.70**	30.42	-0.24	**-0.78**
Pfizer	PFE	**12.70**	18.86	0.18	**0.96**
ProctGamb	PG	**8.80**	59.98	-0.46	**-0.76**
3M	MMM	**1.00**	83.83	-0.49	**-0.58**
TravelersCos	TRV	**1.00**	48.32	-0.24	**-0.49**
UnitedTech	UTX	**2.10**	71.81	1.18	**1.67**
Verizon	VZ	**7.70**	31.75	0.00	**0.00**
WalMart	WMT	**4.60**	53.79	0.46	**0.86**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**261.9**	$3.65	$0.06	**1.67%**
FordMotor	F	**82.2**	12.00	0.31	**2.63**
BankAm	BAC	**76.3**	17.03	0.25	**1.49**
PwrShrs QQQ	QQQQ	**59.6**	46.34	–0.21	**–0.45**
AdventrxPharm	ANX	**49.9**	0.46	0.12	**36.21**
SPDR S&P 500	SPY	**47.2**	114.58	0.01	**0.01**
GenElec	GE	**37.7**	16.67	0.07	**0.42**
SPDR FnclSelSct	XLF	**33.9**	15.23	0.01	**0.03**
Alcoa	AA	**32.5**	17.30	0.28	**1.63**
US NatGas	UNG	**30.4**	9.83	–0.58	**–5.57**
Microsoft	MSFT	**27.7**	30.39	–0.27	**–0.88**
Intel	INTC	**25.8**	20.95	0.12	**0.56**
iShrRu2000	IWM	**23.6**	64.33	–0.19	**–0.29**
iShrMSCIEmrgMkt	EEM	**21.5**	43.10	–0.10	**–0.23**
PacEthanol	PEIX	**20.0**	2.37	0.95	**66.32**

Biggest gainers...

Engex	EGX	**5.1**	$4.45	$1.70	**61.82%**
McMoRanExpl	MMR	**19,462.4**	12.69	3.50	**38.08**
MAP Pharma	MAPP	**877.5**	13.22	3.63	**37.80**
TuesMorning	TUES	**819.3**	3.99	0.96	**31.68**
KTronInt	KTII	**203.8**	148.23	34.71	**30.58**

...Biggest losers

CyclacelPharm	CYCC	**16,010.1**	$2.48	-$0.49	**-16.39%**
Fomento ADS	FMX	**6,778.1**	43.38	-6.39	**-12.84**
Medifast	MED	**1,910.8**	27.48	-3.43	**-11.10**
Interoil	IOC	**3,093.1**	74.64	-9.01	**-10.77**
ATA	ATAI	**7.4**	4.25	-0.50	**-10.53**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.36	**Taiwan Semi**	TSM	**10,931.4**	$11.00	-0.10	**-0.90%**
82.74	33.09	**BHP Billiton**	BHP	**1,994.5**	81.33	0.05	**0.06**
13.30	6.25	**AU Optrncs**	AUO	**1,613.0**	13.00	-0.25	**-1.89**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**1,325.4**	7.58	0.01	**0.13**
4.24	1.65	**Utd Microelectronics**	UMC	**1,050.7**	4.18	-0.01	**-0.24**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**991.1**	5.25	0.05	**0.96**
15.95	8.56	**China Unicom**	CHU	**923.7**	13.08	0.04	**0.31**
59.22	40.20	**China Mobile**	CHL	**775.5**	48.49	0.48	**0.99**
34.27	9.91	**Aluminum Cp of China**	ACH	**633.3**	33.81	1.44	**4.45**
57.00	22.61	**Infosys Tech**	INFY	**594.6**	54.62	0.08	**0.15**
18.64	12.59	**SK Telecom**	SKM	**554.5**	17.12	0.35	**2.09**
15.58	6.85	**Korea Elec Pwr**	KEP	**522.5**	15.56	0.61	**4.08**
7.74	2.00	**Alumina**	AWC	**378.9**	7.63	0.40	**5.53**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**326.6**	24.15	-0.35	**-1.43**
5.23	1.49	**Adv Semi Engrg**	ASX	**323.1**	4.90	-0.08	**-1.61**
19.56	15.05	**ChunghwaTel**	CHT	**316.9**	18.52	0.12	**0.65**
150.50	47.09	**POSCO**	PKX	**281.5**	139.69	3.09	**2.26**
9.50	3.96	**Nomura Hldgs**	NMR	**229.6**	8.23	0.05	**0.61**
30.82	15.64	**Sony**	SNE	**199.7**	30.51	0.10	**0.33**
4.07	1.50	**SemiMfgInt**	SMI	**192.0**	4.05	0.29	**7.71**
81.00	37.43	**China Life Ins**	LFC	**189.0**	73.38	-1.22	**-1.64**
56.41	31.92	**ChinaTele**	CHA	**178.4**	45.06	0.51	**1.14**
135.92	63.94	**PetroChina**	PTR	**174.5**	130.32	-0.19	**-0.15**
12.19	2.00	**City Telecom**	CTEL	**165.0**	11.58	-0.07	**-0.60**
87.67	56.79	**Toyota Motor**	TM	**158.6**	86.00	0.24	**0.28**
34.79	20.28	**Honda Motor**	HMC	**131.0**	34.45	0.11	**0.32**
9.82	5.43	**Telecom Corp of NZ**	NZT	**129.5**	9.37	-0.09	**-0.95**
41.87	19.90	**Telekom Indonesia**	TLK	**116.6**	40.49	0.01	**0.02**
94.00	46.45	**China Petro & Chem**	SNP	**89.1**	86.83	-0.30	**-0.34**
43.95	21.23	**Canon**	CAJ	**76.4**	42.11	0.12	**0.29**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

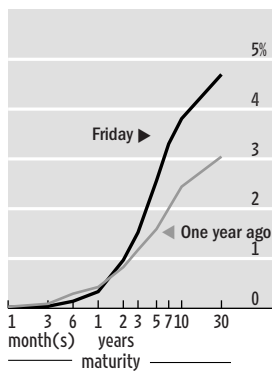
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.557%**	**361.7**	353.5	374.6	**211.7**	**4.495%**	4.563%	**2.879%**
4.500	10	**5.770**	**196.0**	193.7	202.9	**172.8**	**5.747**	5.577	**4.124**
5.000	**Austria** 2	**1.679**	**73.9**	78.1	17.8	**91.5**	**1.741**	0.995	**1.677**
3.900	10	**3.791**	**-1.9**	1.4	-0.2	**151.3**	**3.824**	3.546	**3.909**
3.500	**Belgium** 2	**0.922**	**-1.8**	6.1	32.1	**103.6**	**1.021**	1.138	**1.798**
4.000	10	**3.658**	**-15.2**	-13.2	7.8	**150.4**	**3.678**	3.626	**3.900**
1.250	**Canada** 2	**1.274**	**33.4**	34.9	43.8	**33.0**	**1.309**	1.255	**1.092**
3.750	10	**3.598**	**-21.2**	-21.2	-16.1	**40.9**	**3.598**	3.387	**2.805**
4.000	**Denmark** 2	**2.041**	**110.1**	109.6	128.5	**171.2**	**2.056**	2.102	**2.474**
4.000	10	**3.621**	**-18.9**	-13.5	2.9	**101.6**	**3.675**	3.577	**3.412**
1.500	**France** 2	**1.099**	**15.9**	18.8	40.2	**103.5**	**1.148**	1.219	**1.797**
3.750	10	**3.551**	**-25.9**	-24.1	-6.8	**109.1**	**3.569**	3.480	**3.487**
1.250	**Germany** 2	**1.249**	**30.9**	31.8	44.3	**77.3**	**1.278**	1.260	**1.535**
3.250	10	**3.354**	**-45.6**	-43.6	-34.2	**65.8**	**3.374**	3.206	**3.054**
0.550	**Hong Kong** 2	**0.632**	**-30.8**	-36.4	-44.9	**-21.3**	**0.596**	0.368	**0.549**
2.160	10	**3.181**	**-62.9**	-72.0	-115.5	**-96.6**	**3.090**	2.393	**1.430**
3.750	**Italy** 2	**1.444**	**50.4**	49.8	78.7	**196.5**	**1.458**	1.604	**2.727**
4.250	10	**4.055**	**24.5**	26.2	47.7	**193.7**	**4.072**	4.025	**4.333**
0.200	**Japan** 2	**0.175**	**-76.5**	-78.5	-63.7	**-37.6**	**0.175**	0.180	**0.386**
1.300	10	**1.369**	**-244.1**	-244.1	-226.2	**-110.6**	**1.369**	1.286	**1.290**
4.000	**Netherlands** 2	**0.750**	**-19.0**	-19.7	9.4	**86.0**	**0.763**	0.911	**1.622**
4.000	10	**3.500**	**-31.0**	-29.4	-8.5	**120.8**	**3.516**	3.463	**3.604**
3.200	**Portugal** 2	**1.159**	**21.9**	24.2	49.2	**138.1**	**1.202**	1.309	**2.143**
4.750	10	**4.002**	**19.2**	17.7	36.5	**162.2**	**3.987**	3.913	**4.018**
5.350	**Spain** 2	**1.367**	**42.7**	47.4	67.2	**106.1**	**1.434**	1.489	**1.823**
4.300	10	**3.962**	**15.2**	14.1	31.3	**146.4**	**3.951**	3.861	**3.860**
2.750	**Switzerland** 2	**0.648**	**-29.2**	-31.0	-42.9	**-12.0**	**0.650**	0.388	**0.642**
2.250	10	**2.115**	**-169.5**	-168.4	-163.8	**-14.3**	**2.126**	1.910	**2.253**
3.250	**U.K.** 2	**1.209**	**26.9**	31.5	41.3	**83.6**	**1.275**	1.230	**1.598**
4.500	10	**3.994**	**18.4**	24.9	30.4	**74.0**	**4.059**	3.852	**3.136**
1.000	**U.S.** 2	**0.940**	**...**	...	...	**...**	**0.960**	0.817	**0.762**
3.375	10	**3.810**	**...**	...	...	**...**	**3.810**	3.548	**2.396**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.696%**	16.10	–0.89 %	–0.89 %	–0.89 %	–21.45 %
10-year Treasury	**3.808**	8.23	0.30	0.30	0.30	–7.66
7 Year Treasury	**3.303**	6.19	0.59	0.59	0.59	...
Five-year Treasury	**2.564**	4.64	0.61	0.61	0.61	0.22
Ryan Index	**2.810**	6.66	0.25	0.25	0.25	–4.74
3 Year Treasury	**1.524**	2.87	0.49	0.49	0.49	1.98
Two-year Treasury	**0.968**	1.95	0.37	0.37	0.37	1.79
1 Year Treasury	**0.335**	0.94	0.12	0.12	0.12	1.14
Six-month Treasury	**0.142**	0.50	0.03	0.03	0.03	0.65
Ryan Cash Index-a	**0.135**	0.44	0.04	0.04	0.04	0.58
Three-month bill	**0.041**	0.25	0.01	0.01	0.01	0.38
One-month bill	**0.020**	0.07	...	...	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	1.50
ECB	**1.00**	2.50
Switzerland	**0.53**	0.52
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23313%**	0.34250%
Three month	**0.25125**	1.16000
Six month	**0.40375**	1.50625
One year	**0.91563**	1.76500

	Latest	52 wks ago
Euro Libor		
One month	**0.40000%**	2.36688%
Three month	**0.63750**	2.64813
Six month	**0.95438**	2.71500
One year	**1.21938**	2.78438
Hibor		
One month	**0.06036**	0.14929%
Three month	**0.12000**	0.80357
Six month	**0.24000**	1.13214
One year	**0.57000**	1.63143
Asian dollars		
One month	**0.2456%**	0.34%
Three month	**0.2586**	1.1840
Six month	**0.4250**	1.5460
One year	**0.9500**	1.7860

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3800**	0.2300
Six month	**0.4700**	0.3200
One year	**0.7500**	0.6000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.11%**	0.10%
U.K. (BBA)	**0.505**	1.433
Euro zone	**0.30**	2.06

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**.
Also, receive emails that summarize the day's trading in Europe and Asia.
To sign up, go to **WSJ.com/Email**

Asian index movers...

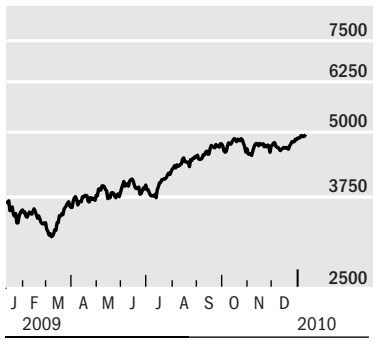
Nikkei Stock Average
Japan 10798.32
Market Closed

The market will reopen Tuesday after Monday's Coming of Age holiday. Struggling Japan Airlines will likely be in focus as it embarks on a potential bankruptcy filing.

Stock	Volume in millions	Change Friday	Change Net	Change %
Mizuho Financial	**178.54**	180	3	1.69
JapanAirlines	**161.36**	67	–9	–11.84
Mtshbsh Fin Grp	**128.98**	478	2	0.42
MazdaMtr	**103.12**	231	16	7.44
Toshiba	**77.72**	538	18	3.46

ASX 200
Australia 4950.66
▲ 0.78% or 38.53

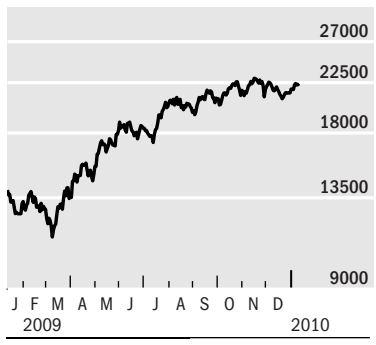
Energy stocks rose after crude-oil futures climbed. Woodside Petroleum rose 1.2%. Resources shares gained as stronger Chinese export data lifted global recovery hopes.



Stock	Volume in millions	Change Close	Change Net	Change %
Telstra	**48.29**	3.35	–0.03	–0.89
Boart Longyear	**43.65**	0.40	0.01	1.27
MirvacGroup	**22.14**	1.66	0.02	1.22
Goodman Grp-Stpl	**21.61**	0.64	–0.01	–0.78
Alumina	**20.81**	2.06	0.13	6.74

Hang Seng
Hong Kong 22411.52
▲ 0.51% or 114.77

Hong Kong shares were supported by gains in Shanghai stocks following China's approval of the launch of stock-index futures. Cnooc gained 1.5% on a rise in crude prices Friday.



Stock	Volume in millions	Change Close	Change Net	Change %
Bank Of China	**346.51**	4.24	–0.04	–0.93
Icbc	**344.20**	6.29	–0.07	–1.10
CCB	**271.83**	6.56	0.03	0.46
ChinaPetroChem	**139.36**	6.75	0.07	1.05
Chalco	**99.33**	10.64	0.71	7.15

Straits-Times
Singapore 2933.53
▲ 0.37% or 10.77

Commodity-linked firms gained on expectations for stronger prices as the global economy improves.. Noble rose 2.4%, Wilmar gained 3% and Golden Agri jumped 6.6%.

Stock	Volume in millions	Change Close	Change Net	Change %
Golden Agri	**191.15**	0.65	0.04	6.61
Genting Spore	**102.50**	1.23	–0.01	–0.81
NeptuneOrientLines	**49.19**	1.90	0.12	6.74
Cosco	**41.53**	1.37	0.06	4.58
Sing Telecom	**21.86**	3.02	–0.03	–0.98

Asian stocks in the news

Fortescue Metals Grp
Australia A$5.29
▲ 4.5% or A$0.23

Resource firms gained as the rebound in China's exports raised belief in the global recovery.

Price-to-earnings ratio	**24**
Earnings per share, past four quarters	**0.22**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**2.3%**	5.8%	79.9%
Fortescue Metals Grp	**4.5%**	17.8%	164.5%

中国实时报
CHINAREALTIMEREPORT
Your comprehensive resource for news and analysis on China, covering the hottest topics of the day in business, finance, law, policy, economics and culture.
In English at asia.WSJ.com/chinarealtime
In Chinese at cn.WSJ.com/chinarealtime
Join the conversation today.

China Merchants Hldgs
Hong Kong HK$27.80
▲ 5.3% or HK$1.40

The rise in China's exports helped stocks of port operators.

Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**1.41**
Dividend yield	**2.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.9%**	3.4%	44.7%
China Merchants Hldgs	**5.3%**	8.4%	90.9%

Kingboard Chml Hldgs
Hong Kong HK$31.75
▼ 1.4% or HK$0.45

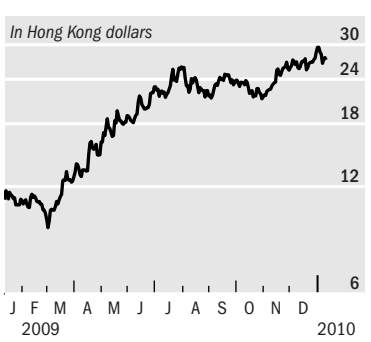
The stock was up 14% from Dec. 21 through Friday.

Price-to-earnings ratio	**24**
Earnings per share, past four quarters	**1.33**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Chemicals	**1.0%**	3.2%	48.6%
Kingboard Chml Hldgs	**-1.4%**	5.3%	142.7%

Li Ning
Hong Kong HK$27.20
▼ 1.4% or HK$0.40

The stock was up 8.2% over the three weeks to Monday's session.

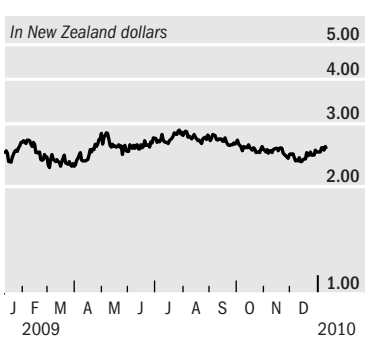


Price-to-earnings ratio	**29**
Earnings per share, past four quarters	**0.94**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**0.8%**	2.4%	20.2%
Li Ning	**-1.4%**	-4.9%	146.8%

Telecom of NZ
New Zealand NZD2.55
▼ 1.5% or NZD0.04

The stock fell on profit taking after its rally Friday.



Price-to-earnings ratio	**12**
Earnings per share, past four quarters	**0.22**
Dividend yield	**9.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**0.8%**	2.0%	3.6%
Telecom of NZ	**-1.5%**	...	3.2%

Foxconn Intl
Hong Kong HK$9.82
▼ 1.8% or HK$0.18

Citigroup started coverage of the stock at "sell," citing "structural problems."

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.04**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**0.5%**	1.1%	69.2%
Foxconn Intl	**-1.8%**	2.7%	236.3%

Auckland Intl Airport
New Zealand NZD2.02
▼ 2.9% or NZD0.06

The company bought a 24.5% stake in Australian airport operator North Queensland Airports.

Price-to-earnings ratio	**59**
Earnings per share, past four quarters	**0.03**
Dividend yield	**4.1**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.9%**	3.4%	44.7%
Auckland Intl Airport	**-2.9%**	...	18.1%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

China takes small steps into future(s)

China says it will soon allow stock-index futures trading. That might sound like a great leap forward, but the plans are more akin to a limited advance.

Along with a likely trial for short selling and margin trading in stocks now given approval by the State Council, China's top government body, the long-awaited futures-trading plan might have been expected to lift sentiment around Chinese shares. The availability of stock-index futures ought to give investors more confidence in the Chinese market, providing them with an instrument to hedge their positions. Margin trading and short selling should improve market liquidity.

But investors have grown wise to the way the Chinese authorities hedge their own policy advances. Hence, a less than effusive response: The Shanghai Stock Exchange Composite rose just 0.5% on Monday.

All of these ideas have been under consideration for years. So even though, for example, stock-index futures are set to begin in three months, few would be surprised by further delays. Several technicalities remain to be resolved. Short selling, in particular, will be limited, as long as the stock lending on which it hinges remains as restricted as it is. At present, only stock held by brokers themselves can be lent out.

Nor is it clear who will be able to participate in any of these programs, beyond a select circle of domestic brokerage firms.

By design, retail investors, who dominate Chinese share trading, will be priced out of the futures-trading market, J.P. Morgan says. Qualified foreign investors, meanwhile, are unlikely to be among the initial participants in any margin-trading or short-selling trial programs.

Nonetheless, signs of progress in making China's stock markets more appealing to sophisticated investors ought to be welcomed, however limited. Over the longer term, such moves should help shift the share-buying base in China more toward institutional investors.

Nearer term, it's possible, with many expecting tighter economic policy in China this year, that the authorities are hoping to mitigate any negative market reaction with some "positive" news to start the year. It seems, though, investors are already sophisticated enough to spot an announcement that amounts to less than meets the eye.

—Andrew Peaple

Thrilling future?
Stock traders had a tepid reaction to news of China's plan to allow stock futures trading. The Shanghai Composite Index rose 0.5% on Monday.
3500
3000
2500
2000
1500
2009
'10
Source: Thomson Reuters Datastream
Electronic screens are shown at a brokerage house in Shanghai Monday
Reuters

Car makers face life after death that is no paradise

Last year's North American International Auto Show in Detroit was something of a *danse macabre*. The specter of recession haunted the displays. **General Motors** and **Chrysler** were weeks away from bankruptcy.

This week's show promises a bit more cheer. U.S. vehicle sales, while back to 1982 levels, appear to be stabilizing. Yet jubilation should be tempered. The industry's near-death experience didn't lead to the profound changes needed.

For car companies, and the investors buying into their recovery, this lost opportunity will shape the next decade. As was demonstrated by the salvation of GM and Chrysler, and the tussle over Opel, politicians still love their cars and the job-providing factories that make them.

In North America, there has been some progress, with capacity down to about 16 million units from 18.3 million in 2006, says IHS Global Insight. That still is 17% more than forecast 2010 sales. Globally, capacity to make 90 million vehicles compares with expected sales of 62 million this year, estimates Goldman Sachs.

As in the airline industry, chronic overcapacity resulting from high barriers to exit has made for a dismal long-term investment. Shareholder returns for the global auto sector have lagged behind the market and have been on a downward trajectory for three decades. U.S. firms have struggled to adapt to deteriorating conditions in their home market.

One strategy has been to globalize. But few car companies are truly global. **Ford Motor** and GM have sizable positions in North America and Europe, but these are low-growth markets.

Emerging markets are the next big thing, with China alone expected to account for almost half of incremental vehicle sales by 2024, according to Casesa Shapiro. But turning a profit won't be easy, given China's fragmented industry and price-conscious consumers. Only the emerging Porsche-Volkswagen group enjoys a double-digit-percentage market share in China. Indeed, of the major global auto companies, it looks the best positioned in terms of geographic spread, particularly if it can win market share in North America.

As a whole, however, low returns mean the industry needs to take capital out of the production process. That should mean mergers, particularly cross-border ones. But few will want to risk repeating **Daimler**'s disastrous experience with Chrysler. Technology-sharing joint ventures are more likely, with **Toyota Motor** and **Hyundai Motor** particularly attractive partners for others, according to Goldman.

Meanwhile, Ford, under Chief Executive Alan Mulally, has made a move away from the old model of regional engineering fiefs to cost-saving, unified vehicle platforms sold around the world.

That sort of self-help will be critical to sorting winners from losers. Despite structural weaknesses, the industry will have to somehow accommodate the demands of climate-change legislation, changing vehicle tastes and new entrants, particularly exporters from China and India.

Detroit 2020 promises to be a very different show, perhaps with fewer exhibitors. Hopefully for Detroit, that would result from consolidation, rather than merely the real action having moved elsewhere in the world.

—Liam Denning

Regulators sound warning over banks' false sense of securities

Cheap money can have its costs, particularly if banks get too used to it. That appeared to be the message from U.S. bank regulators.

The warning, jointly issued by six regulators, including the Federal Reserve, focuses on interest-rate risk. Rates have been so low for so long that the banks could be vulnerable to any significant increases.

Or, in regulator-speak: "In the current environment of historically low short-term interest rates, it is important for institutions to have robust processes for measuring and, where necessary, mitigating their exposure to potential increases in interest rates."

No doubt, regulators remember the losses that hit banks in 1994, when rates rose faster than expected.

So what sparked regulators' fears? One factor might be a big increase in securities held by banks. For 24 large banks, Goldman Sachs calculates that securities holdings rose 20% in the year through September. A rate rise could cause sudden losses on those portfolios.

A rate spike also could cause higher defaults on floating-rate loans, which have become far easier to pay with rates at historic lows.

The banks say they have built their balance sheets to withstand a rate rise. For instance, **Wells Fargo** said last year that earnings would take only a 5% hit if the federal-funds rate rose to 3.75% and the 10-year Treasury yield jumped to 5.9% by September 2010.

A prolonged low-rate policy could embolden banks to take on more rate risk—and thus risk even greater losses if the Fed gets caught by, say, a jump in inflation, and has to raise quickly. The regulators were right to make their fears public.

—Peter Eavis

Myth, reality in Indian realty

Low interest rates, a rapidly recovering economy, and India's never-ending demand for housing: It all adds up to a convincing case to invest in the Indian real-estate sector.

But here's an eye opener: Prices haven't substantially recovered after a correction ended six months ago. In fact, except in pockets like Mumbai, and to a lesser extent New Delhi, demand for residential properties remains weak. Even in the big cities, the pace has slowed after a six-month sprint, amid a flush supply of homes and prices that are out of reach of many buyers.

Research firm Liases Foras notes that new residential sales in Mumbai peaked in the quarter that ended in June at about 20,000 units, with turnover down to 11,000 units by the fourth quarter of 2009. "At current price levels, it's tough to sustain the momentum, leave alone increasing it," says Pankaj Kapoor, the firm's managing director. It's no surprise, then, that developers are wary of trying to raise prices.

A look at the stock market paints a different picture. **Unitech** and **DLF**, two of India's biggest developers, are up 150% and 84%, respectively, over the past year. Some of this is warranted, reflecting relief over reopening credit markets in India and the effect of government stimulus. But the rally has DLF trading at a 10% premium to Deutsche Bank's estimate of net asset value, and Unitech nearly at par. That's close to valuations seen in early 2007, soon after these stocks listed.

This isn't 2007. Then, developers in Mumbai were able to sell one-third of what they held as inventory per month. Notwithstanding the drop in prices over the past year, they are selling just a fifth of their inventory, Liases Foras data show. The challenges ahead are slowly dawning on stock investors.

Shares of real-estate developers in the fourth quarter tumbled as much as 20%, while the broader Indian stock market has risen slightly. But because of that decline, the ranks of analysts with "buy" ratings on the likes of DLF have only grown.

The previous property boom of 2004 to 2008 occurred despite rising interest rates, the optimists counter. But supply was nowhere close to current levels. This bullish rhetoric will surely increase as real-estate firms—some 15 of them by one count—come to market in 2010. It's a din that's best ignored.

—Harsh Joshi

Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no.: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song, Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 387 Mascardo St., Comer Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (K.M. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd. 5178 World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT No.EL-208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-1164620215. ACP no. F-2 (7/3) Press / 2009 FACSIMILE EDITION.